



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://cao.lacounty.gov>

DAVID E. JANSSEN  
Chief Administrative Officer

June 5, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**TEN-YEAR LEASE  
DEPARTMENT OF HEALTH SERVICES  
10100 PIONEER BOULEVARD, SANTA FE SPRINGS  
(FIRST DISTRICT) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Chairman to sign the attached ten-year lease with TRIPLE NET PROPERTIES REALTY, INC, Landlord, for the occupancy of 41,270 rentable square feet of office/training space for the Department of Health Services (DHS) Emergency Medical Services (EMS), at 10100 Pioneer Boulevard, Santa Fe Springs, for a first year maximum rental amount of \$1,847,265, which includes an initial annual base and operating expense rent of \$1,015,242, \$185,047 for Tenant Improvements (TI) construction costs amortized for sixty months, a one-time lump sum payment of \$421,430 for unamortized TI and \$225,546 for furniture amortized for sixty months. The rental cost is 100 percent subvented by State and Federal funds including the Maddy Fund (SB612/SB1773), HRSA Grant, disaster grants and other EMS revenues.
2. Authorize the Chief Administrative Office (CAO) to acquire substitute financing for furniture systems acquired by the Landlord at a cost not to exceed \$949,210. The furniture systems of \$949,210 will be amortized at a maximum of 7 percent over a 60-month period, for a total payment of \$1,127,730, or \$225,546 annually.
3. Authorize the Landlord and/or Director of Internal Services Department (ISD), at the discretion of the CAO to acquire telephone systems for DHS at a one-time cost not to exceed \$2,413,000. All of the telephone, data, radio and low voltage systems will be paid in lump sum, in addition to other TI allowances.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

4. Consider the attached Negative Declaration, together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County of Los Angeles (County) to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the CAO to complete and file a Certificate of Fee Exemption for the project.
5. Approve the project and authorize the CAO, DHS, and ISD to implement the project. The ten-year lease will commence upon completion of the improvements by the Landlord and acceptance of the improvements by the County.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed lease will allow DHS to relocate approximately 187 staff comprised of Administration, Medical Alert Center, EMS Central Dispatch Office, Paramedic Training Institute and the Department's Disaster Operation Center, from shared space provided by DHS at 5555 Ferguson, Commerce. Providing EMS more adequate and sufficient space will allow them to better serve County clients including new programs, namely the Centralized Base Station and Lancet Training. Relocating the aforementioned staff will reduce overcrowding and improve delivery of services at 5555 Ferguson, Commerce which will be retained by DHS to house their Human Resources staff.

#### **PRESENTATION OF STRATEGIC PLAN GOALS**

The Countywide Strategic Plan directs that we invest in public infrastructure, in order to strengthen the County's fiscal capacity. This proposed lease supports this strategy by complying with the Strategic Asset Management Principles (Goal 4). In this case, we are leasing space for the DHS in order to maximize Federal and State funding by housing subvented programs in leased space, as further outlined in Attachment A.

#### **FISCAL IMPACT/FINANCING**

The maximum amount for the lease will be \$1,847,265 annually. This includes the annual base and operating expense lease cost which will initially be \$1,015,242, a one-time lump sum payment of \$421,430 for unamortized TI, the balance of TI construction cost which will be amortized at \$185,047 annually, and furniture which will be financed at \$225,546 annually from a third-party vendor.

The lease requires the County to reimburse the Landlord in a lump sum for the furniture systems and the authority to acquire third-party furniture financing at 7 percent interest to be repaid over a maximum 60-month term. The third-party furniture financing would be in an amount not to exceed \$225,546 annually for five years and will be charged against the DHS proposed operating budget beginning in FY 2007-08.

<b>10100 PIONEER BOULEVARD, SANTA FE SPRINGS</b>	<b>PROPOSED TEN-YEAR LEASE</b>
Area (Square feet)	41,270
Term	Ten years (upon acceptance of space by County)
Annual Base and Operating Expense Rent	\$1,015,242 / \$24.60/sq.ft. (includes \$907,940 in unamortized TI's provided by the Landlord.)
Additional TI Construction	Of the TI construction improvements of \$1,164,290, the County will make a lump sum payment of \$421,430 and finance the difference of \$742,860. The financed amount of \$742,860 would be amortized at 9 percent over the initial 60-months for a total payment of \$925,233, or \$185,047 annually.
Furniture-County Financed	Furniture acquisition cost estimated at \$949,210 to be amortized over 60 months at 7 percent for a total payment of \$1,127,730, or \$225,546 annually.
Maximum First Year Rent	\$1,847,265
Parking Included in Rent	190 off-street spaces.
Cancellation	Anytime after the 96th month, on 365 days notice.
Option to Renew	Two 5-year options to renew the lease at 90 percent of market or prior month base rent.
Rental Adjustments for Base Rent and Operating Expense Rent	Base Rent adjusted annually by CPI at a minimum of 2.5 percent to a maximum of 5 percent and the Operating Expense Rent (\$406,097 base year) adjusted annually at a maximum of 5 percent of the actual operating expenses from the proceeding year.

The monthly rent under the lease will be at \$2.05 per square foot, full service comprised of a Base Rent of \$1.23 per square foot which will be adjusted annually by the CPI at a minimum of 2.5 percent to a maximum of 5 percent and an Operating Expense Rent of \$.82 per square foot which is adjusted annually at a maximum of 5 percent of the actual operating expenses from the proceeding year.

The total estimated one-time purchase cost for the telephone and data systems is not to exceed \$2,413,000 and shall be paid by the DHS. The purchases include a telephone system that is upgradeable to the Voice-over Internet Protocol (VoIP), data network systems that are expandable to allow for future voice, data and video convergence and radio systems that are scaleable, upgradeable and interoperable. Should the Landlord be able to provide the aforementioned work at a cost at or below the County's cost, the recommendation herein allows for the payment of these costs to the Landlord, or at the discretion of the CAO, all or part of these costs may be paid direct on a lump sum basis.

Partial funding for the proposed lump sum payment to cover telephone and data equipment is included in the DHS FY 2006-07 Final Budget. Funding is included in the DHS FY 2007-08 Proposed Budget and has been requested in the FY 2007-08 Final Change Request to cover the entire projected lease costs as well as the financing for furniture and low-voltage systems.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease provides 41,270 rentable square feet of office/training space and 190 off-street parking spaces. The lease contains the following provisions:

- The ten-year term of the lease begins upon completion of improvements by the Landlord and acceptance of the improvements by the County.
- An annual base and operating expense rent of \$1,015,242. A TI allowance of \$22.00 per square foot or \$907,940 is included in the base rental rate.
- Additional TI and change order allowances totaling \$1,164,290, or \$28.21 per square foot in reimbursable TI funds is available. Any amount utilized for TI up to \$742,860, or the first \$18.00 used will be paid back to the Landlord amortized at 9 percent over the initial 60 month term, or can be lump sum paid anytime by the County. The balance of \$421,430 in additional TI requires lump sum reimbursement to Landlord within 60 days of Lease commencement.
- The estimated furniture acquisition allowance of \$949,210 or \$23.00 per square foot in reimbursable furniture improvement funds will be paid back to the Landlord in lump sum within 60 days of lease commencement via third-party furniture financing over 60 months at 7 percent for a total payment of \$1,127,730, or \$225,546 annually.
- The Landlord will provide 190 parking spaces included in the rental rate, which is sufficient to meet the parking needs of the department.

- The lease is on a full-service basis whereby the Landlord will be responsible for all operating and maintenance costs, except that the County must reimburse metered electricity consumption in its twenty-four hour operation in Premises No 1, as referenced in the lease.
- A cancellation provision is provided in the lease which allows the County to cancel anytime after the 96th month with not less than 365 days prior written notice.
- The County has two 5-year options to renew the lease at 90 percent of market or prior month base rent, whichever is greater.

CAO Real Estate staff surveyed Santa Fe Springs and the surrounding area to determine the market rate of comparable sites. Based upon said survey, staff has established that the base rental range including parking and TI for similar property is between \$24.50 and \$28.50 per square foot per year modified full-service. Thus, the base annual rent of \$24.60 per square foot for the base lease cost is at the low end of the market rate for this area. Attachment B shows County-owned and leased facilities within the search area for these programs and none are available to house these programs.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on December 13, 2006. After careful review, the Commission approved the proposed lease. The Auditor-Controller has reviewed the lease for compliance with Federal and State subvention guidelines and concurs that it meets the criteria for an Operating Lease. The Department of Public Works has inspected this facility and concurs that it meets current standards for the County's occupancy.

#### **NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT**

The CAO has made an initial study of environmental factors and has concluded that this Project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

The Honorable Board of Supervisors  
June 5, 2007  
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**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease will provide the necessary office space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DHS concurs in this recommendation.

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors return four originals of the executed lease, two certified copies of the Minute Order and the adopted, stamped Board letter to the CAO, Real Estate Division at 222 South Hill Street, 4<sup>th</sup> Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a stylized flourish at the end.

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:WLD  
CEM:TS:hd

Attachments (3)

c: County Counsel  
Auditor-Controller  
Department of Health Services  
Internal Services Department

**DEPART OF HEALTH SERVICES  
10100 PIONEER BOULEVARD, SANTA FE SPRINGS**

**Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>		<b>Yes</b>	<b>No</b>	<b>N/A</b>
	A	Does lease consolidate administrative functions? <sup>2</sup>	X		
	B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>	X		
	C	Does this lease centralize business support functions? <sup>2</sup>			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>Ratio: 1/221 square feet. Public areas for this program and training areas increases space per person.</b>		X	
<b>2.</b>	<b><u>Capital</u></b>				
	A	Should this program be in leased space to maximize State/Federal funding?	X		
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? <b>No, size of project did not require build-to-suit or capital project because of availability of leased space.</b>		X	
<b>3.</b>	<b><u>Portfolio Management</u></b>				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. <u>X</u> The Program is being co-located.			
	E	Is lease a full service lease? <sup>2</sup>	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		<sup>1</sup> As approved by the Board of Supervisors 11/17/98			
		<sup>2</sup> If not, why not?			

## Attachment B

**SPACE SEARCH – WITHIN TEN MILES OF 10430 SLUSHER, SANTA FE SPRINGS  
10100 PIONEER BOULEVARD, SANTA FE SPRINGS  
DEPARTMENT OF HEALTH SERVICES**

LACO	FACILITY NAME	ADDRESS	SQ.FT. GROSS	NET SQ.FT.	OWNERSHIP	SQ.FT. AVAILABLE
6467	AG COMM/MTS MEAS-SOUTH GATE ADMINISTRATION	11012 GARFIELD AVE, SOUTH GATE 90280	21,902	15,325	OWNED	NONE
4238	ANIMAL CONTROL #1-ADMINISTRATION BUILDING	11258 GARFIELD AVE, DOWNEY 90242	8,449	2,772	OWNED	NONE
6723	PUBLIC LIBRARY-LYNWOOD LIBRARY	11320 BULLIS RD, LYNWOOD 90262	11,722	10,396	OWNED	NONE
X349	LYNWOOD REGIONAL JUSTICE CENTER COURTHOUSE	11701 S ALAMEDA ST, LYNWOOD 90262	62,078	53,480	FINANCED	NONE
X351	CENTURY DETENTION-DETENTION ADMIN	11705 S ALAMEDA ST, LYNWOOD 90262	20,706	17,600	FINANCED	NONE
D980	PUBLIC LIBRARY-HOLLYDALE LIBRARY	12000 GARFIELD AVE, SOUTH GATE 90280	5,530	4,440	LEASED	NONE
1204	HEALTH SERVICES-ADMINISTRATION BLDGS 307/308	12817 DAHLIA AVE, DOWNEY 90242	26,475	17,125	OWNED	NONE
1203	DHS-PUBLIC HEALTH FACILITIES BUILDING 301/302	12838 ERICKSON AVE, DOWNEY 90242	19,575	12,170	OWNED	NONE
Y216	PUBLIC LIBRARY-PARAMOUNT LIBRARY	16254 COLORADO AVE, PARAMOUNT 90723	8,750	7,426	OWNED	NONE
C600	DPSS-SOUTH FAMILY AP/SPECIAL DISTRICT OFFICES	17600 A/B S SANTA FE AVE, RANCHO DOMINGUEZ 90221	133,000	103,324	LEASED	NONE
6420	COMPTON COURTHOUSE	200 W COMPTON BLVD, COMPTON 90220	576,467	205,939	FINANCED	NONE
X169	DPSS-COMPTON AP DISTRICT OFFICE	211 E ALONDRA BLVD, COMPTON 90220	48,135	38,777	OWNED	NONE
3037	MONA-DIRECTOR'S BLDG/COMFORT STATION	2291 E 121ST ST, COMPTON 90222	829	296	OWNED	NONE
5982	PUBLIC LIBRARY-COMPTON LIBRARY	240 W COMPTON BLVD, COMPTON 90220	43,842	15,830	OWNED	NONE
A620	PUBLIC LIBRARY-EAST RANCHO DOMINGUEZ LIBRARY	4205 E COMPTON BLVD, EAST COMPTON 90221	5,000	4,529	LEASED	NONE
A560	DCSS-EAST RANCHO DOMINGUEZ SERVICE CENTER	4513 E COMPTON BLVD, RANCHO DOMINGUEZ 90221	4,436	3,188	LEASED	NONE
F325	PW FLOOD-IMPERIAL YARD OFFICE	5525 E IMPERIAL HWY, SOUTH GATE 90280	4,800	2,340	PERMIT	NONE
A350	ASSESSOR-LONG BEACH REGIONAL OFFICE	5898 CHERRY AVE, LONG BEACH 90808	12,450	6,991	OWNED	NONE
X998	LOS PADRINOS JUVENILE COURTHOUSE-1	7281 E QUILL DR, DOWNEY 90242	47,231	24,470	OWNED	NONE
A136	FIRE-PARAMOUNT HAZARDOUS MATERIALS DIV OFFICE	7300 E ALONDRA BLVD, PARAMOUNT 90723	1,928	1,830	LEASED	NONE
A755	PUBLIC LIBRARY-ADMINISTRATION HDQTRS	7400 E IMPERIAL HWY, DOWNEY 90242	68,000	55,733	FINANCED	NONE
D600	DOWNEY COURTHOUSE	7500 E IMPERIAL HWY, DOWNEY 90242	103,502	78,996	FINANCED	NONE
3385	RANCHO-HOSPITAL OFFICE BUILDING 500	7601 E IMPERIAL HWY, DOWNEY 90242	139,789	63,850	FINANCED	NONE
1100	PUBLIC SAFETY-HDQTRS/HEALTH SVCS BUREAU	7601 E IMPERIAL HWY, DOWNEY 90242	15,482	9,221	OWNED	NONE
X238	RANCHO-SUPPORT SERVICES ADMINISTRATION BLDG	7601 E IMPERIAL HWY, DOWNEY 90242	66,200	56,002	FINANCED	NONE
1100	PUBLIC SAFETY-HDQTRS/HEALTH SVCS BUREAU	7601 E IMPERIAL HWY, DOWNEY 90242	51,114	9,221	OWNED	NONE
0370	COMPTON AIRPORT-ADMIN BUILDING-8	901 W ALONDRA BLVD, COMPTON 90220	2,880	2,592	OWNED	NONE



## NEGATIVE DECLARATION

Department Name: Health Services/Emergency Medical  
Project: Administrative Offices/ Emergency Response  
Team and a small training center for paramedic  
certification

Pursuant to Section 15072, California Environmental Quality Act and California  
Administrative Code Title 14, Division 6

1. Description of Project

The leasing of existing office space in an existing commercial building to be  
used by the County of Los Angeles, Department of Health Services/Emergency  
medical Services as administrative office, and training space.

2. a. Location of Project (plot plan attached)

10100 Pioneer Blvd., Santa Fe Springs, CA 90670

b. Name of Project Proponent

County of Los Angeles  
Chief Administrative Office  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, CA 90012

**ORIGINAL FILED**

NOV 06 2006

**LOS ANGELES, COUNTY CLERK**

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the  
environment based on information shown in the attached Environmental  
Information Form dated March 27, 2006 which constitutes the Initial Study of  
this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the  
Chief Administrative Office and is attached hereto.

5. Mitigation Measures Included in Project

None required.

Date  
November 6, 2006

Real Property Agent  
Thomas Shepos

Telephone  
(213) 974-4363

**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE**

**TEN-YEAR LEASE**

**NEGATIVE DECLARATION**

**I. Location and Description of the Project**

The proposed project is for the County of Los Angeles to lease facilities at 10100 Pioneer Blvd., Santa Fe Springs, California, which will be used by the Department of Health Services (DHS) Emergency Medical Services Unit (EMS). The role of the EMS Agency is administrative plus the following sections that would provide direct services:

A Central Communication Center with cubicle work stations will house the Medical Alert Center (MAC) which arranges transfer of patients between county facilities and private hospitals, coordinates multi-casualty incidents providing patient destination to paramedics in the field and monitors hospital diversion status.

A Paramedic Training Institute (PTI) which will train approximately 150 students per year and focus on didactic and skills performance within the paramedic scope of practice.

A Disaster Operation Center (DOC) which would be activated during major disasters, (i.e. civil unrest, earthquakes, terrorism event) and frequent disaster drills and exercises. When activated, it is staffed by designated DHS employees and administrators on a 24/7 basis.

Lancet Training Room – Lancet holds a 10-year contract with the department to provide computer support and data collection services for the EMS Agency. This group collects data (patient information) initiated in the field by paramedics responding to 9-1-1 calls and base hospitals that are providing medical direction to the paramedics. There are approximately 450,000 EMS data forms submitted to the EMS yearly.

The facility, located in the Fifth Supervisorial District approximately 17 miles from the Los Angeles Civic Center, includes 39,696 square feet of office/training space. DHS shall have use of 190 off-street parking spaces for staff in addition to available parking for visitors. The Landlord has no expansion plans beyond the scope of this project.

**II. Finding of No Significant Effect**

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

**III. Mitigation Measures**

None required.

## INITIAL STUDY

### I. Location and Description of Project

These proposed leased premises are located at 10110 Pioneer Blvd., Santa Fe Springs located in the First Supervisorial District approximately 14 miles northwest of the Los Angeles Civic Center and 3 miles East of the 605 freeway. (See attached map)

The building to be used is owned by NNN SFS TOWN CENTRE, LLC and is intended for use as office space. Located at the site are 190 non-exclusive off-street parking spaces for Department of Health Services and visitors and ample public parking is located within the on-site parking lot and surrounding area.

This project consists of leasing this facility for 10 years in which will be located DHS/EMS offices and training facility. It is anticipated that an average of 160 employees will be occupying the premises with the maximum employee occupancy anticipated to be 150 per day. In addition to the employees, it is anticipated that an average of 40 members of the public per day will be visiting the facility for normal administrative purposes. No expansion of existing premises will occur for this project and no exterior alterations, except for interior tenant improvements and furnishings, will be performed for this project.

### II. Compatibility with General Plan

This project site is currently designated as Office Building in the City of Santa Fe Springs and zoned SSML-MLD. The proposed project would be consistent with these designations.

### III. Environmental Setting

The project site is located in an area of commercial type facilities. The site includes approximately 1,179,169 square feet of developed property. The site is bordered by Alburdis Street on the east side, Telegraph Road on the north side, commercial property on the west side and south sides.

### IV. Identification of Environmental Effects

- A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines is anticipated.
- B. The project will not conflict with adopted environmental plans and goals of

the City of Santa Fe Springs.

- C. The project will not have a substantial demonstrable negative aesthetic effect on the site. The existing facility will be continued to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a government use of private property for legal services purposes. The County's use is in conformance with uses approved by the City of Santa Fe Springs.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expend a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No significant increased energy consumption is anticipated by the County's use of the premises as compared to previous uses.

- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None Required.

VI. Initial Study Preparation

This study was prepared by Thomas Shepos of the Los Angeles County Chief Administrative Office, Real Estate Division. This study was completed on November 3, 2006.

**DATE POSTED – November 8, 2006**

## NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles  
Chief Administrative Office
2. Address/Phone No. - 222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012
3. Date Information Form Submitted – November 6, 2006
4. Agency Requiring Information Form - Los Angeles County  
Chief Administrative Office  
Real Estate Division
5. Name of Proposal, if Applicable -
6. Address of Facility Involved – 10100 Pioneer Blvd.,  
Santa Fe Springs, CA 90670

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2 above and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con Carlos Marquez, para asistencia en obtener una traduccion para el numero (213) 974-4163.

COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AGREEMENT

DEPARTMENT: HEALTH SERVICES, as Tenant

LANDLORD:

NNN SFS TOWN CENTER, LLC, a Delaware limited liability company, NNN SFS TOWN CENTER 1, LLC, NNN SFS TOWN CENTER 2, LLC, NNN SFS TOWN CENTER 3, LLC, NNN SFS TOWN CENTER 4, LLC, NNN SFS TOWN CENTER 5, LLC, NNN SFS TOWN CENTER 6, LLC, NNN SFS TOWN CENTER 7, LLC, NNN SFS TOWN CENTER 8, LLC, NNN SFS TOWN CENTER 9, LLC, NNN SFS TOWN CENTER 11, LLC, NNN SFS TOWN CENTER 13, LLC, NNN SFS TOWN CENTER 14, LLC, NNN SFS TOWN CENTER 15, LLC, NNN SFS TOWN CENTER 16, LLC, NNN SFS TOWN CENTER 17, LLC, NNN SFS TOWN CENTER 18, LLC, NNN SFS TOWN CENTER 19, LLC, NNN SFS TOWN CENTER 20, LLC, NNN SFS TOWN CENTER 21, LLC, NNN SFS TOWN CENTER 22, LLC, each a Delaware limited liability company

10100 Pioneer Boulevard  
Santa Fe Springs, California 90670

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**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AGREEMENT**

THIS LEASE AND AGREEMENT (this "Lease"), made and entered into in duplicate original as of the \_\_\_\_ day of \_\_\_\_\_, 2006 by and between NNN SFS TOWN CENTER, LLC, a Delaware limited liability company, NNN SFS TOWN CENTER 1, LLC, NNN SFS TOWN CENTER 2, LLC, NNN SFS TOWN CENTER 3, LLC, NNN SFS TOWN CENTER 4, LLC, NNN SFS TOWN CENTER 5, LLC, NNN SFS TOWN CENTER 6, LLC, NNN SFS TOWN CENTER 7, LLC, NNN SFS TOWN CENTER 8, LLC, NNN SFS TOWN CENTER 9, LLC, NNN SFS TOWN CENTER 11, LLC, NNN SFS TOWN CENTER 13, LLC, NNN SFS TOWN CENTER 14, LLC, NNN SFS TOWN CENTER 15, LLC, NNN SFS TOWN CENTER 16, LLC, NNN SFS TOWN CENTER 17, LLC, NNN SFS TOWN CENTER 18, LLC, NNN SFS TOWN CENTER 19, LLC, NNN SFS TOWN CENTER 20, LLC, NNN SFS TOWN CENTER 21, LLC, NNN SFS TOWN CENTER 22, LLC, each a Delaware limited liability company ("Landlord"), acting by and through Triple Net Properties Realty, Inc. ("Agent" for Landlord), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1. **BASIC LEASE INFORMATION.** The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

1.1 **Defined Terms:**

- |  |   |
|--|---|
| a) <b><u>Landlord's Address</u></b><br><b><u>for Notice:</u></b> | c/o Triple Net Properties<br>Attn: Notice Department<br>1551 N. Tustin Avenue, Suite 200<br>Santa Ana, California 92705   |
| b) <b><u>Tenant's Address</u></b><br><b><u>for Notice:</u></b>   | Board of Supervisors<br>Kenneth Hahn Hall of Administration<br>500 West Temple Street, Room 383<br>Los Angeles, California 90012  |
|  | With a copy to:<br>Chief Administrative Office<br>Real Estate Division<br>222 South Hill Street, 3rd Floor<br>Los Angeles, California 90012<br>Attention: Director of Real Estate<br>Fax Number: (213) 217-4971 |

- 1 c) Premises: Approximately 40,982 rentable square feet in the  
2 Building (defined below) as shown on Exhibit A  
3 attached hereto as "Premises 1" and "Premises 2."
- 4 d) Building: The building located at 10100 Pioneer Boulevard,  
5 Santa Fe Springs, California 90670, which is located  
6 upon the real property described more particularly in  
7 Exhibit B attached hereto (the "Property");
- 8 e) Term: Ten (10) years commencing thirty (30) days after  
9 Tenant's Acceptance of the Premises as defined in  
10 Section 4(a) (the "Commencement Date"); and  
11 terminating at midnight on the day before the 11<sup>th</sup>  
12 anniversary of the Commencement Date (the  
13 "Termination Date"), subject to earlier termination by  
14 Tenant as provided herein. The phrase "Term of this  
15 Lease" or "the Term hereof" as used in this Lease, or  
16 words of similar import, shall refer to the initial Term  
17 of this Lease together with any additional Extension  
18 Term for which an option has been validly exercised.
- 19 f) Projected Commencement Date: June 1, 2007
- 20  
21 g) Commencement Date:
- 22  
23 h) Irrevocable Offer Expiration Date: January 15, 2007
- 24  
25 i) Rent:
- 26  
27 1) Base Rent: \$1.23 Base Rent per rentable square foot (adjustable  
28 as provided in Section 2(b) and Section 32 hereof).
- 29  
30 2) Operating Expense Rent: \$.82 Operating Expense Rent per  
31 rentable square foot (adjustable as provided in  
32 Section 2(b) and Section 33 hereof)
- 33  
34 j) Early Termination Date: The date of the Eighth Anniversary of the  
35 Commencement Date with at least 12 months prior  
36 written notice.
- 37  
38 k) Rentable Square Feet in the Premises:
- 39  
40  
41 l) Use: General office use or for any other lawful purposes  
42 not incompatible with other uses in the Building.
- 43  
44 m) Initial Department Use: Emergency Medical Services/DHS

1  
2 n) Parking spaces: 190 non reserved  
3

4 o) Normal Working Hours:  
5

6 PREMISES 1

7 24 hours per day, 7 days per week, 365 days per year.  
8 Air conditioning services required at all times and subject  
9 to reimbursement by Tenant to Landlord of the  
10 reasonable costs thereof. Information regarding the cost  
11 of providing air conditioning and other services shall be  
12 made available to Tenant and shall be based on  
13 Landlord's actual cost to provide such services which will  
14 be separately metered.  
15

16 PREMISES 2

17 7:00 a.m. to 7:00 p.m., Monday through Saturday and  
18 7:00 a.m. to 3:00 p.m. Sunday, except New Year's Day,  
19 President's Day, Memorial Day, Independence Day,  
20 Labor Day, Thanksgiving Day, Christmas Day (on the  
21 days such holidays are generally observed) and such  
22 other holidays as are generally recognized by the County  
23 of Los Angeles, California. Air conditioning services  
24 required at other times shall be furnished upon  
25 reasonable advance notice and subject to reimbursement  
26 by Tenant to Landlord of the reasonable costs thereof.  
27 Information regarding the cost of providing air  
28 conditioning and other services after hours shall be made  
29 available to Tenant and shall be based on Landlord's  
30 actual cost to provide such services.  
31

32 p) Asbestos Report: A report dated \_\_\_\_\_ prepared by \_\_\_\_\_  
33 \_\_\_\_\_, a licensed California asbestos contractor.  
34

35 1.1. Defined Terms Relating to Landlord's Work Letter  
36

37 a) Base Tenant Improvement Allowance: \$22.00 per square foot  
38

39 b) Additional Tenant Improvement Allowance: \$27.00 per square foot  
40

41 c) Furniture Allowance: \$23.00 per square foot  
42

43 d) Maximum Change Order Allowance: \$50,000  
44

45 e) Additional Tenant Improvement and  
46 Change Order Amortization Rate: 9% per annum

- 1  
2 f) Basic Rent Reduction: intentionally omitted  
3  
4 g) Tenant's Work Letter  
5 Representative: Thomas Shepos or a designated staff  
6 Representative from the Chief Administrative  
7 Office – Real Estate Division  
8  
9 h) Landlord's Work  
10 Representative: Marge Almond  
11  
12 i) Landlord's Address for  
13 Work Letter Notice: 1551 N. Tustin Avenue, Suite 200  
14 Santa Ana, California 92705  
15  
16 j) Tenant's Address for  
17 Work Letter Notice: Board of Supervisors  
18 Kenneth Hahn Hall of Administration  
19 500 West Temple Street, Room 383  
20 Los Angeles, CA 90012  
21  
22 With a copy to:  
23 Chief Administrative Office  
24 Real Estate Division  
25 222 South Hill Street, 3<sup>rd</sup> Floor  
26 Los Angeles, CA 90012  
27 Fax Number: (213) 217-4971  
28
- 29 1.2 Exhibits to Lease: Exhibit A - Floor Plan of Premises  
30 Exhibit B - Legal Description of Property  
31 Exhibit C - Commencement Date Memorandum  
32 and Confirmation of Lease Terms  
33 Exhibit D - HVAC Standards  
34 Exhibit E - Cleaning and Maintenance Schedule  
35
- 36 1.3 Landlord's Work Letter: (Executed concurrently with this Lease and  
37 Improvements made a part hereof by this  
38 reference)  
39 Addendum A: Base Building Improvements  
40 Addendum B: Tenant Improvements  
41 Addendum C: Form of Budget  
42 Addendum D: Costs of Tenant Improvements  
43
- 44 1.4 Supplemental Lease Documents: (Delivered to Landlord and made a part  
45 of hereof by this reference.)  
46

Document I: Subordination, Non-disturbance  
and Attornment Agreement  
Document II: Tenant Estoppel Certificate  
Document III: Community Business  
Enterprise Form  
Document IV: Memorandum of Lease  
Document V: Request for Notice

2. PREMISES

2.1 Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

a) Premises No.1 is approximately 8,325 rentable square feet located on the 1st floor and identified as Suite 102.

b) Premises No.2 is approximately 32,657 rentable square feet consisting of 2,016 rentable square feet located on the 1st floor and the entire 2nd floor of the Building

2.2 Tenant shall have the right within ninety (90) days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI 265.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce the Basic Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Basic Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection (b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect to which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

3. COMMON AREAS



Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord

#### 4. COMMENCEMENT AND EXPIRATION DATES

a. Term. The term ("Term") of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within thirty (30) days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin thirty (30) days after Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, and Tenant has inspected the Premises and Tenant has accepted the Premises. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items, which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be completely operational. Tenant shall not unreasonably withhold its Acceptance of the Premises.

b. Termination Right. If the Commencement Date has not occurred within one hundred twenty (120) days from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective sixty (60) days after the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder. If Substantial Completion occurs prior to the effective date of

Tenant's cancellation, then the Term of this Lease shall continue in accordance with the provisions of Section 4(a) above

c. Early Possession. Provided Tenant complies with Landlord's and Landlord's contractor's reasonable rules and regulations, and Tenant does not interfere with the Landlord's work, Tenant may have non-exclusive and reasonable access to the Premises not less than thirty (30) days prior to the Commencement Date solely for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period (provided Tenant shall not commence business operations in the Premises during such early occupancy period).

d. Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Date, as defined in Section 1, by giving Landlord not less than twelve (12) months prior written notice executed by the Chief Administrative Officer of Tenant. In the event Tenant elects to terminate this Lease pursuant to this Section 4(d), Tenant shall reimburse to Landlord in lump sum no later than ninety (90) days after the Termination date (a) the principal amount of the Additional tenant Improvemen Allowance and the Maximum Change Order Allowance (to the extent utilized) and remaining unpaid to landlord as of the date of termination of this Lease; and (b) the principal balance, applying a ten (10) year amortization schedule commencing on the Commencement Date of this lease with an interest factor of nine percent (9%) per annum, remaining as of the date of termination of this Lease, of the brokerage commission paid by the Landlord in connection with this Lease.

e. Options to Extend.

(i) Landlord hereby grants to Tenant two (2) options (each an "Option") to extend the Term of this Lease for two additional periods of sixty (60) months (each an "Option Term"). An Option must be exercised, if at all, by written notice ("Option Notice") delivered by Tenant to Landlord not later than one hundred eighty (180) days prior to the end of the initial Term of this Lease, or the first Option Term, as applicable. Further, an Option shall not be deemed to be properly exercised if, as of the date of the Option Notice, or at the end of the initial Term of this Lease or the end of the first Option Term, as applicable, Tenant (i) is in default under this Lease, or (ii) has assigned all or any portion of this Lease or its interest therein, or has sublet all or any portion of the Premises in violation of the Lease. Provided Tenant has properly and timely exercised an Option, the then current term of the Lease shall be extended by the Option Term, and all terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect, except that (i) Landlord shall have no obligation to make any tenant improvements or provide any allowance therefore, and (ii) the Basic Rent shall be modified as set forth in sections (ii), (iii) and (iv) below.

(ii) The Basic Rent payable for the first year of an Option Term shall be equal to the greater of (i) ninety percent (90%) of the then prevailing fair market rental value of the Premises as determined herein, or (ii) the Basic Rent payable by Tenant to Landlord during the final month of the initial Term of this Lease, or the first Option Term, as applicable. The monthly Basic Rent for an Option Period shall be adjusted as provided in Section 4(e)(v) below and stated on Exhibit F attached hereto. If Landlord determines that the Basic Rent for an Option Term shall be based upon the calculation described in clause (ii) above, such determination shall be conclusive, Tenant shall have no right to object thereto, and the following provisions regarding the determination of fair market rental value shall not apply. If Landlord determines that the Basic Rent for an Option Term shall be ninety percent (90%) of the fair market rental value of the Premises pursuant to clause (i) above, Landlord shall determine fair market rental value by using commercially reasonable good faith judgment. As used herein, "fair market rental value" shall mean the annual amount per rentable square foot then being charged or projected to be charged for similarly improved office space in comparable buildings (age, design, quality and relative location in the vicinity in which the building is situated) located within a 5-mile radius of the Premises, on leases for delivery on or about the applicable delivery or effective date of the Option Term, taking into consideration annual rental rates per rentable square foot, age and condition of building, the type of escalation clauses, tenant improvements or allowances provided or to be provided for such comparable space, rental abatement concessions, if any, the length of the relevant term the extent of which the fair market rental value is to become effective, and any other relevant terms or conditions. It shall be understood, however, no reduction or increase in rent shall be granted for the presence or absence of a brokerage commission. Landlord shall provide written notice of such amount not later than one hundred twenty (120) days prior to the expiration of the then current term. Tenant shall have thirty (30) days ("Tenant's Review Period") after receipt of Landlord's notice of the fair market rental value within which to accept such fair market rental value or to reasonably object thereto in writing. In the event Tenant objects to the fair market rental value submitted by Landlord, Landlord and Tenant shall attempt in good faith to agree upon such fair market rental value, using their best good faith efforts. If Landlord and Tenant fail to reach agreement on such fair market rental value within thirty (30) days following Tenant's Review Period (the "Outside Agreement Date"), then each party's determination of fair market rental value shall be submitted to arbitration in accordance with section (iii) below.

(iii) (1) Landlord and Tenant shall each appoint one arbitrator who shall by profession be a real estate broker who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of commercial properties in the area in which the Building is located or an individual who shall be designated as a Member, Appraisal Institute of Real Estate Appraisers (MAI) or a member of the Society of Real Estate Appraisers (SREA) and who shall have been active over the five (5) year period ending on the date of such appointment in the appraisal of commercial properties located in Los Angeles County. The

determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted fair market rental value for the Premises is closer to the actual fair market rental value for the Premises as determined by the arbitrators, taking into account the requirements of section 4(e)(ii) above and this section regarding the same. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date.

(2) The two arbitrators so appointed shall, within fifteen (15) days of the date of the appointment of the last appointed arbitrator, agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two arbitrators.

(3) The three arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted fair market rental value, and shall notify Landlord and Tenant thereof. Such decision shall be based upon the factors described in section 4(e) (ii) above.

(4) The decision of the majority of the three arbitrators shall be binding upon Landlord and Tenant.

(5) If either Landlord or Tenant fails to appoint an arbitrator within the time period specified in section 4(e)(iii)(1) hereinabove, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

(6) If the two arbitrators fail to agree upon and appoint a third arbitrator both arbitrators shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration under the provisions of the American Arbitration Association.

(7) The cost of arbitration shall be paid by Landlord and Tenant equally.

(iv) Notwithstanding the fair market rental value for the Premises selected by the arbitrators, in no event shall the Basic Rent for an Option Term be less than the Basic Rent payable by Tenant during the final year of the term of this Lease immediately prior to the subject Option Term.

(v) Basic Rent shall be adjusted on the first day of the first full month following the first anniversary of the Option Commencement Date (which shall mean the first day of the applicable Option Term) and thereafter, for each year remaining of the applicable Option Term, on the anniversary of such day (the "Adjustment Date"), as follows:

The base for computing the adjustment is the Consumer Price Index for All Urban Consumers, Los Angeles-Anaheim-Riverside areas, all items (1982-84 = 100), published by the United States Department of Labor (the "Index"), which is published for the month which is three (3) months prior to the applicable Option Commencement Date (the "Reference Index"). The Index published for the month which is three (3) months prior to the applicable Adjustment Date (the

1 "Comparison Index") shall be used for determining the increase in Basic Rent on  
2 such Adjustment Date.

3 If on any Adjustment Date the Comparison Index is greater than the Reference  
4 Index, then the Basic Rent for the following twelve (12) month period shall be the  
5 amount determined by multiplying the Basic Rent payable for the first full month  
6 of the applicable Option Term by a fraction, the numerator of which is the  
7 Comparison Index and the denominator of which is the Reference Index.  
8 Landlord and Tenant hereby acknowledge and agree that, the foregoing  
9 notwithstanding, Basic Rent shall be increased on each and every Adjustment  
10 Date by no less than two point five percent (2.5%) but no more than five percent  
11 (5%) above the Basic Rent in effect immediately prior to such Adjustment Date.

12  
13 5. RENT  
14

15 Tenant shall pay Landlord the Basic Rent stated in Section 1 and the Additional  
16 Rent set forth in Section 34 below during the Term hereof, provided Landlord files  
17 a payment voucher therefor prior to the Commencement Date and thereafter  
18 annually during the month of June with the Auditor of the County of Los Angeles  
19 (the "County"). The term "Rent" shall mean the Basic Rent, Additional Rent, and  
20 all other charges and fees payable by Tenant under this Lease. Rent for any  
21 partial month shall be prorated in proportion to the number of days in such month.  
22  
23

24 6. USES  
25

26 The Premises are to be used only for the uses set forth in Section 1 and for no  
27 other business or purpose; however, Landlord shall not unreasonably withhold its  
28 consent to a change of use.  
29

30 7. HOLDOVER  
31

32 If Tenant remains in possession of the Premises or any part thereof after the  
33 expiration of the Term of this Lease (provided with the express or implied consent  
34 of Landlord), such occupancy shall be a tenancy on a month-to-month basis only,  
35 subject to the terms, covenants and conditions of this Lease, but shall not be a  
36 renewal hereof, and the Rent shall be at the rate then-payable under this Lease.  
37 Either party may, during the holdover, cancel this Lease by giving the other party  
38 not less than sixty (60) days prior written notice; provided, however, that in the  
39 event the notice of the Tenant's intent to exercise an option to renew this Lease has  
40 been given and when applicable, negotiations are proceeding in good faith to renew  
41 the Lease, but have not been completed prior to the expiration of the then-current  
42 holdover term, the tenancy shall be on a quarterly basis and this Lease may be  
43 canceled by either party upon not less than ninety (90) days prior written notice to  
44 the other party.  
45  
46

1 8. COMPLIANCE WITH THE LAW

2  
3 Tenant shall, at Tenant's expense, comply promptly with all applicable statutes,  
4 ordinances, rules, regulations, orders and requirements in effect during the Term  
5 hereof, regulating the use, occupancy or improvement of the Premises by Tenant.  
6 Landlord, not Tenant, shall, at all times cause the Building to comply with all  
7 applicable statutes, ordinances, rules, regulations, orders and requirements in  
8 effect and binding upon Tenant or Landlord during the Term hereof, including  
9 without limitation, the Americans with Disabilities Act, except to the extent such  
10 compliance is made necessary as a result of Tenant's particular use of or  
11 alterations or improvements to the Premises.  
12

13 9. DAMAGE OR DESTRUCTION

14  
15 a. Damage. In the event any portion of the Premises is damaged by fire or  
16 any other cause rendering the Premises totally or partially inaccessible or  
17 unusable and the Premises may be restored to a complete architectural unit  
18 of the same value, condition and character that existed immediately prior to  
19 such casualty in less than two hundred seventy (270) days, then Landlord  
20 shall promptly cause the repair of such damage and this Lease shall  
21 continue in full force and effect. If all or any portion of the Premises shall be  
22 made untenable by fire or other casualty, Landlord shall immediately  
23 secure the area to prevent injury to persons and/or vandalism to the  
24 improvements. Landlord shall promptly, but in any event within fifteen (15)  
25 days, cause an architect or general contractor selected by Landlord to  
26 provide Landlord and Tenant with a written estimate of the amount of time  
27 required to substantially complete the repair and restoration of the Premises  
28 and make the Premises tenantable again using standard working methods.  
29 Basic Rent shall abate to the extent that the Premises are unusable by  
30 Tenant. Tenant shall not be entitled to an abatement of Basic Rent when the  
31 damage to the Premises is the result of negligence or intentional act of  
32 Tenant's employees, invitees, contractors or agents. Tenant waives the  
33 provisions of California Civil Code Sections 1932(2) and 1933(4) with  
34 respect to any partial or total destruction of the Premises.  
35

36 b. Tenant Termination Right. In the event any portion of the Premises is  
37 damaged by fire or any other cause rendering the Premises totally or  
38 partially (which shall mean at least 20% of the rentable area of the  
39 Premises) inaccessible or unusable and the Premises will not be restored to  
40 a complete architectural unit of the same value, condition and character that  
41 existed immediately prior to such casualty in less than two hundred seventy  
42 (270) days for any reason (as reasonably determined by Landlord), then  
43 Tenant may terminate this Lease by giving written notice within ten (10)  
44 days after notice from Landlord specifying such time period of repair; and  
45 this Lease shall terminate and the Basic Rent shall be abated from the date  
46 the Premises became untenable. Tenant shall not be entitled to a

1 termination right when the damage to the Premises is the result of  
2 negligence or intentional act of Tenant's employees, invitees, contractors or  
3 agents. In the event that Tenant does not elect to terminate this Lease,  
4 Landlord shall promptly commence and diligently prosecute to completion  
5 the repairs to the Building or Premises.  
6

7 c. Damage In Last Year. Notwithstanding the foregoing provisions, if any  
8 material destruction to the Premises occurs during the last year of the Term,  
9 then either Landlord or Tenant may terminate this Lease by giving notice to  
10 the other not more than thirty (30) days after such destruction, in which case  
11 (i) Landlord shall have no obligation to restore the Premises, (ii) Landlord  
12 may retain all insurance proceeds relating to such destruction, and (iii) this  
13 Lease shall terminate as of the date which is thirty (30) days after such  
14 written notice of termination.  
15

16 d. Default By Landlord. If Landlord is required to repair and restore the  
17 Premises as provided for in this Section and Landlord should fail to  
18 thereafter pursue said repair and restoration work with reasonable diligence  
19 to completion, Tenant may give Landlord fifteen (15) business days prior  
20 written notice and thereafter perform or cause to be performed the  
21 restoration work and deduct the cost thereof from the Basic Rent next due  
22 as a charge against the Landlord. Tenant shall not be entitled to an  
23 abatement of Basic Rent when the damage to the Premises is the result of  
24 negligence or intentional act of Tenant's employees, invitees, contractors or  
25 agents.  
26

## 27 10. REPAIRS AND MAINTENANCE

28

29 a. Landlord Representations. Landlord represents to Tenant that, as of the  
30 date of this Lease, (i) the Premises, the Building and all Common Areas  
31 (including electrical, heating, ventilating and air conditioning ("HVAC"),  
32 mechanical, plumbing, gas and fire/life safety systems in the Building and  
33 similar building service systems) comply with all applicable current laws,  
34 codes, and ordinances, including the Americans With Disabilities Act, and  
35 are in reasonable good working order and condition; (ii) the Building and  
36 Premises comply with all applicable covenants, conditions, restrictions and,  
37 to Landlord's actual knowledge, underwriter's requirements; (iii) the  
38 Premises, Building and Common Areas are free of the presence of any  
39 Hazardous Materials (as hereinafter defined) in unlawful quantities; and (iv)  
40 Landlord has not received any notice from any governmental agency that  
41 the Building or the Premises are in violation of any applicable law or  
42 regulation. Landlord represents, based upon its current actual knowledge or  
43 a reasonable inspection of the Premises and the Building and the Asbestos  
44 Report that the Premises and the Building contain no asbestos containing  
45 materials (other than as may be reflected in the Asbestos Report). Landlord  
46 shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and

1 expense, all asbestos containing materials to the extent required by law and  
2 provide Tenant with an updated report from a licensed California Asbestos  
3 contractor to that effect.  
4

- 5 b. Landlord Obligations. Landlord shall keep and maintain in good repair and  
6 working order and promptly make repairs to and perform maintenance upon  
7 and replace as needed: (i) the structural elements of the Building, including,  
8 without limitation, all permanent exterior and interior walls, floors and  
9 ceilings, roof, concealed plumbing, stairways, concealed electrical systems  
10 and telephone intra-building network cable; (ii) mechanical (including  
11 HVAC), electrical, plumbing and fire/life safety systems serving the Building;  
12 (iii) the Common Areas; (iv) exterior windows of the Building; and (v)  
13 elevators serving the Building. Landlord, at its sole cost and expense, shall  
14 also perform all maintenance and repairs to the Premises, and shall keep  
15 the Premises in good condition and repair, reasonable wear and tear  
16 excepted. Landlord's repair obligations include, without limitation, repairs  
17 to: (A) the floor covering; (B) interior partitions; (C) doors; (D) the interior  
18 side of demising walls; and (E) signage. Without limiting the foregoing,  
19 Tenant shall, at Tenant's sole expense, be responsible for the cost of  
20 repairing any area damaged by Tenant or Tenant's agents, employees,  
21 invitees and visitors and the repair of low voltage electronic, phone and data  
22 cabling and related equipment that is installed by or for the exclusive benefit  
23 of Tenant. All repairs and replacements shall be at least equal in quality,  
24 value and utility to the original work or installation, and be in accordance  
25 with all laws. If the repair is due to the negligence or willful misconduct of  
26 Tenant's agents, contractors, employees or invitees, then Tenant shall  
27 reimburse Landlord for the actual cost of such repairs.  
28

- 29 c. Tenant's Right to Repair. If Tenant provides written notice (or oral notice in  
30 the event of an emergency such as damage or destruction to or of any  
31 portion of the Building structure and/or the Building systems and/or anything  
32 that could cause material disruption to Tenant's business) to Landlord of an  
33 event or circumstance that requires the action of Landlord with respect to  
34 repair and/or maintenance, and Landlord fails to provide such action within  
35 a reasonable period of time, given the circumstances, after the giving of  
36 such notice, but in any event not later than five (5) days after the giving of  
37 such notice, then Tenant may proceed to take the required action (provided,  
38 however, that no such notice shall be required in the event of an emergency  
39 that threatens life or where there is imminent danger to property or a  
40 possibility that a failure to take immediate action could cause a material  
41 disruption in Tenant's normal and customary business activities). Tenant  
42 shall have reasonable access to the Building to the extent necessary to  
43 perform the work contemplated by this provision. If such action was  
44 required under the terms of this Lease to have been taken by Landlord and  
45 was not taken by Landlord within such period (unless such notice was not  
46 required as provided above), and Tenant took such required action, then



Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action. If not reimbursed by Landlord within ten (10) days after Landlord's receipt of such request and copies of paid invoices therefor, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in such invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

## 11. SERVICES AND UTILITIES

Landlord shall furnish the following services and utilities to the Premises:

- a. HVAC. Landlord shall furnish HVAC during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto.
- b. Electricity. Landlord shall furnish to the Premises such amount of electric current provided for in the Working Drawings for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.
- c. Elevators. Landlord shall furnish freight and passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.
- d. Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.
- e. Janitorial. Landlord shall provide janitorial service on five (5) nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.
- f. Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.
- g. Premises 1 Utilities. Notwithstanding anything to the contrary set forth in this Lease, the portion of the Premises identified as Suite 102 and consisting of

1 approximately 8,325 rentable square feet shall be separately metered or  
2 submetered to Tenant and Tenant shall pay for all utilities servicing Suite 102  
3 directly to Landlord within forty-five (45) days after receipt of utility bills and  
4 meter readings therefor.  
5

6 12. LANDLORD ACCESS.  
7

8 Tenant shall permit Landlord and its agents to enter the Premises upon prior  
9 written notice for the purpose of inspecting the Premises for any reasonable  
10 purpose. Landlord shall have the right at any and all times to enter the Premises in  
11 the event of an emergency.  
12

13 13. TENANT DEFAULT  
14

15 a. Default. The occurrence of any one or more of the following events (a  
16 "Default") shall constitute a material default and breach of this Lease by  
17 Tenant:  
18

19 i. the failure by Tenant to make any payment of Rent or any other  
20 payment required to be made by Tenant hereunder (except to the  
21 extent an offset is expressly permitted hereunder), as and when due  
22 and if the failure continues for a period of ten (10) days after written  
23 notice to Tenant; or  
24

25 ii. the failure by Tenant to observe or perform any of the other covenants,  
26 conditions or provisions of this Lease, where such failure shall continue  
27 for a period of thirty (30) days after written notice from Landlord  
28 specifying in detail the nature of the default; provided, however, if more  
29 than thirty (30) days are reasonably required for its cure then Tenant  
30 shall not be deemed to be in default if Tenant commences such cure  
31 within said 30-day period and thereafter diligently prosecutes such cure  
32 to completion.  
33

34 b. Termination: Tenant agrees that if a Default should occur and should not be  
35 cured within the time periods set forth above, it shall be lawful for Landlord to  
36 terminate this Lease upon the giving of written notice to Tenant. In addition  
37 thereto, Landlord shall have such other rights or remedies as may be  
38 provided by law.  
39

40 c. No Effect on Indemnity: Nothing in this Article shall be deemed to affect  
41 either Landlord or Tenant's right to indemnification under any indemnification  
42 clause or clauses set forth in this Lease.  
43  
44  
45  
46

1 14. LANDLORD DEFAULT

- 2
- 3 a. Remedies: In addition to the provisions for Landlord's default provided by
- 4 Sections 9(d), 10(c), 19 and 20(b), which are not modified hereby, Landlord
- 5 shall be in default in the performance of any obligation required to be
- 6 performed by Landlord under this Lease if Landlord has failed to perform such
- 7 obligation within thirty (30) days after receipt of written notice with respect
- 8 thereto from Tenant (which notice shall be, if appropriate, the same notice
- 9 given under Section 10(c)); provided, however, that if the nature of such
- 10 default is such that the same cannot reasonably be cured within such thirty
- 11 (30)-day period, Landlord shall not be deemed to be in default if Landlord
- 12 shall within such period commence such cure and thereafter diligently
- 13 prosecute the same to completion. If the default by Landlord ("Landlord
- 14 Default") is of such a nature that it materially and substantially interferes with
- 15 Tenant's occupancy and use of the Premises and if such Landlord Default is
- 16 not cured within the foregoing cure period, then Tenant shall have the right, at
- 17 its option, with or without further notice or demand of any kind to Landlord or
- 18 any other person, to any one or more of the following described remedies: (i)
- 19 to remedy such default or breach and deduct the costs thereof (including, but
- 20 not limited to, attorneys' fees) from the installments of Basic Rent next falling
- 21 due; (ii) to pursue the remedy of specific performance; or (iii) to seek money
- 22 damages for loss arising from Landlord's failure to discharge its obligations
- 23 under this Lease or offset such damages against Basic Rent next coming due
- 24
- 25 b. Waiver: Nothing herein contained shall relieve Landlord from its duty to effect
- 26 the repair, replacement, correction or maintenance required to restore any
- 27 affected services, or to perform any other obligations to the standard
- 28 prescribed in this Lease, nor shall this Section be construed to obligate
- 29 Tenant to undertake any such work.
- 30
- 31 c. Emergency: Notwithstanding the foregoing cure period, Tenant may cure any
- 32 Landlord Default without notice where the failure promptly to cure such
- 33 Landlord Default would, in the reasonable opinion of Tenant, create or allow
- 34 to persist an emergency condition or materially and adversely affect the
- 35 operation of Tenant's business in the Premises.
- 36

37 15. ASSIGNMENT AND SUBLETTING

38

39 Tenant, after obtaining Landlord's prior written consent, may assign this Lease or

40 sublet the whole or any part of the Premises so long as the intended use is in

41 compliance with the provisions and restrictions set forth in this Lease and upon the

42 condition that the assignee or subtenant expressly assumes and agrees in writing

43 to pay the Rent and to perform each and every covenant and agreement in this

44 Lease required by Tenant to be paid or performed. Tenant shall notify Landlord of

45 any change in tenancy. Landlord shall not unreasonably withhold its consent.

46 Consent shall be given or denied within thirty (30) days after Landlord's receipt of

Tenant's written request. Should Landlord fail to respond within such thirty (30)-day period, Tenant's request shall be deemed approved. No assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition that is reasonably sufficient for it to be responsible for all future obligations under this Lease.

#### 16. ALTERATIONS AND ADDITIONS

- a. Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (i) complies with all Laws; (ii) is not visible from the exterior of the Premises or Building; (iii) will not materially affect the systems or structure of the Building; and (iv) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to have approved the Alterations.
- b. End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

#### 17. CONDEMNATION

- a. Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.
- b. Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

- 1 c. Partial Taking. If any portion, but not all, of the Premises is taken by  
2 Condemnation, this Lease shall remain in effect, except that Tenant may  
3 elect to terminate this Lease if, in Tenant's reasonable judgment, the  
4 remaining portion of the Premises (including the space available for parking)  
5 is rendered unsuitable for Tenant's continued use of the Premises. If Tenant  
6 elects to so terminate this Lease, Tenant must exercise its right to terminate  
7 by giving notice to Landlord within thirty (30) days after the date that the  
8 nature and the extent of the Condemnation have been determined (the  
9 "Determination Date"), which notice shall set forth the date of termination.  
10 Such termination date shall not be earlier than thirty (30) days nor later than  
11 ninety (90) days after Tenant has notified Landlord of its election to  
12 terminate; except that this Lease shall terminate on the Date of Taking if the  
13 Date of Taking falls on a date before the date of termination as designated  
14 by Tenant. If Tenant does not so notify Landlord within thirty (30) days after  
15 the Determination Date, all obligations of Tenant under this Lease shall  
16 remain in effect, except that Basic Rent shall be equitably abated.  
17
- 18 d. Restoration. Notwithstanding the preceding paragraph, if, within thirty (30)  
19 days after the Determination Date, Landlord notifies Tenant that Landlord at  
20 its cost will add to the remaining Premises so that the area of the Premises  
21 and the space available for parking, will be substantially the same after the  
22 Date of Taking as they were before the Date of Taking, and Landlord  
23 commences the restoration promptly and, subject to reasonable allowance  
24 for delays that are not caused by Landlord, completes it within ninety (90)  
25 days after Landlord so notifies Tenant, this Lease shall continue in effect. All  
26 obligations of Tenant under this Lease shall remain in effect, except that  
27 Basic Rent shall be equitably abated or reduced during the period from the  
28 Date of Taking until the completion of such restoration  
29
- 30 e. The Award. The Award (as defined below) shall be divided between  
31 Landlord and Tenant as their respective interests may appear. "Award" shall  
32 mean all compensation, sums or anything of value awarded, paid or received  
33 on a total or partial Condemnation of the Premises.  
34
- 35 f. Waiver of Statute. Landlord and Tenant hereby waive the provision of  
36 California Code of Civil Procedure Section 1265.130 allowing Landlord or  
37 Tenant to petition the Superior Court to terminate this Lease in the event of a  
38 partial taking of the Premises.  
39

40 18. INDEMNIFICATION  
41

- 42 a. Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord  
43 harmless from and against all loss, cost and expense, including attorneys'  
44 fees, arising from any injury or damage to any person or property, occurring  
45 in or about the Building or Premises as a result of any negligent act or  
46 omission or willful misconduct of Tenant or its employees or arising from any

breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

- b. Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

## 19. INSURANCE

- a. Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:
- i. Commercial property insurance, which shall (A) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (B) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.
- ii. Commercial general liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:  
A) per occurrence and general aggregate amount of \$5,000,000;  
(B) products/completed operations aggregate of \$2,000,000; and  
(C) personal and advertising injury of \$1,000,000.
- iii. Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease after thirty (30) days written notice.

- 1 b. Insurance Requirements. All insurance policies required to be maintained by  
2 Landlord under this Lease shall be issued by insurance companies which  
3 have a Best's Rating of "AVII" or better and which are qualified to do business  
4 in the State of California. All liability and property damage and other casualty  
5 policies of Tenant shall be written as primary policies, not contributing with,  
6 and not in excess of coverage which Landlord may carry.  
7
- 8 c. Certificates. Landlord shall deliver to Tenant on the Commencement Date of  
9 this Lease and thereafter prior to expiration of any insurance required to be  
10 carried hereunder, certificates of insurance evidencing this coverage with  
11 limits not less than those specified above. Certificates must document that  
12 each party has named the other as an additional insured (or its equivalent) on  
13 its general liability and property insurance policy, and that Tenant has been  
14 named a loss payee on Landlord's commercial property insurance policy, as  
15 required. Further, all certificates shall expressly provide that no less than  
16 thirty (30) days' prior written notice shall be given to Tenant in the event of  
17 material change to, expiration or cancellation of the coverages or policies  
18 evidenced by the certificates.  
19
- 20 d. Waiver of Subrogation. Landlord and Tenant each hereby waive their rights  
21 of subrogation against one another to the extent it is covered by the property  
22 insurance policies required to be carried hereunder. Landlord shall cause its  
23 insurance carriers to consent to the foregoing waiver of rights of subrogation  
24 against Tenant.  
25

26 20. PARKING.  
27

- 28 a. Tenant's Rights. Tenant shall have the right to the number of parking stalls  
29 set forth in Section 1 for the Term of this Lease. Tenant shall be entitled to  
30 full in/out privileges. Tenant's parking rights shall be subject to reasonable  
31 parking rules and regulations adopted by Landlord from time to time, provided  
32 that such procedures shall be uniformly applied to all tenants. Tenant  
33 acknowledges that all other parking spaces are not for the exclusive use of  
34 Tenant, rather, all such parking spaces are to be used on a non-exclusive,  
35 first-come, first-served basis by Tenant and other tenants, occupants,  
36 licensees, invitees and permittees of the Building.  
37
- 38 b. Remedies. Landlord acknowledges that it is a material term of this Lease that  
39 Tenant receive all of the Parking Spaces to which it is entitled under this  
40 Lease for the entire Term of this Lease and that it would be impracticable and  
41 extremely difficult to fix the actual damages for a breach of such provisions. It  
42 is therefore agreed that if, for any reason whatsoever, thirty (30) of the  
43 Parking Spaces required above are not available to Tenant, (in addition to the  
44 rights given to Tenant under Section 14 and Sections 9 and 17 in the event of  
45 casualty or condemnation), Tenant may (i) terminate this Lease by giving  
46 written notice of such termination to Landlord, which notice shall be effective

thirty (30) days thereafter or (ii) deduct from the Basic Rent hereunder an amount each month equal to \$75.00 per parking space not so provided. Tenant and its invitees shall not use more parking privileges than its allotment and shall not use any parking spaces and/or parking area specifically allocated by Landlord to other tenants of the project or for such other uses as visitor parking. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, customers or invitees to be loaded, unloaded or parked in areas other than the Tenant's designated parking areas.

## 21. ENVIRONMENTAL MATTERS

- a. Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.
- b. Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs,



1 liabilities, losses and expenses arising at any time during or after the Term as  
2 a result (directly or indirectly) of or in connection with the presence of  
3 Hazardous Materials on, under or about the Premises, Building or Common  
4 Areas or other violation of laws relating to Hazardous Materials other than  
5 caused by Tenant. This indemnity shall include, without limitation, the cost of  
6 any required or necessary repair, cleanup or detoxification, and the  
7 preparation and implementation of any closure, monitoring or other required  
8 plans, as such action is required by local or state laws or any governmental  
9 agency. Landlord shall promptly deliver to Tenant a copy of any notice  
10 received from any governmental agency during the Term of this Lease  
11 concerning the presence of Hazardous Materials in the Building or the  
12 Premises. Landlord's obligations pursuant to the foregoing indemnity shall  
13 survive the expiration or termination of this Lease. A default by Landlord  
14 under this Section shall constitute a material default under this Lease.  
15

- 16 c. Tenant Indemnity. Tenant shall indemnify, protect, defend (by counsel  
17 acceptable to Landlord) and hold harmless Landlord from and against any  
18 and all claims, judgments, causes of action, damage, penalties, fine, taxes,  
19 costs, liabilities, losses and expenses arising at any time during or after the  
20 Term as a result (directly or indirectly) of or in connection with the presence of  
21 Hazardous Materials on, under or about the Premises, Building or Common  
22 Areas or other violation of laws relating to Hazardous Materials caused by  
23 Tenant, its agents, contractors, employees or invitees. This indemnity shall  
24 include, without limitation, the cost of any required or necessary repair,  
25 cleanup or detoxification, and the preparation and implementation of any  
26 closure, monitoring or other required plans, as such action is required by local  
27 or state laws or any governmental agency. Tenant shall promptly deliver to  
28 Landlord a copy of any notice received from any governmental agency during  
29 the Term of this Lease concerning the presence of Hazardous Materials in the  
30 Building or the Premises. Tenant's obligations pursuant to the foregoing  
31 indemnity shall survive the expiration or termination of this Lease. A default  
32 by Tenant under this Section shall constitute a material default under this  
33 Lease.  
34

35 22. ESTOPPEL CERTIFICATES.  
36

37 Tenant shall, within thirty (30) days after written request of Landlord, execute,  
38 acknowledge and deliver to Landlord or its designee a written statement in the  
39 form of Document II in the Supplemental Lease Documents delivered to Landlord  
40 concurrently herewith (properly completed) or such other commercially reasonable  
41 form: (a) certifying that this Lease is unmodified and in full force and effect (or, if  
42 modified, stating the nature of such modification and certifying that this Lease, as  
43 so modified, is in full force and effect) and the date to which the rent and other  
44 charges are paid in advance, if any, and (b) acknowledging that there are not, to  
45 Tenant's knowledge, any uncured defaults on the part of either party hereunder, or  
46 specifying such defaults, if any are claimed. It is intended that any such statement

1 delivered pursuant to this Section may be relied upon by a prospective purchaser  
2 of Landlord's interest or holder of any mortgage upon Landlord's interest in the  
3 Premises.  
4

5 23. TENANT IMPROVEMENTS.  
6

7 Prior to the Commencement Date, Landlord shall construct the Tenant  
8 Improvements in the manner set forth in the Landlord's Work Letter executed by  
9 Landlord and Tenant concurrently herewith.  
10

11 24. LIENS.  
12

13 Tenant shall keep its interest in this Lease and the Premises free from any liens  
14 arising out of any work performed or materials ordered or obligations incurred by  
15 Tenant. Landlord shall keep its interest in this Lease and the Premises free from  
16 any liens which would impair the interest of Tenant hereunder and hereby  
17 indemnifies and holds Tenant harmless from any liability or loss from any such lien,  
18 except to the extent attributable to the acts or omissions of Tenant.  
19

20 25. SUBORDINATION AND MORTGAGES.  
21

22 a. Subordination and Non-Disturbance. Tenant's obligation to subordinate this  
23 Lease is expressly conditioned upon Tenant receiving a written agreement in  
24 the form of Document I in the Supplemental Lease Documents delivered to  
25 Landlord concurrently herewith, and provided further that no such  
26 subordination shall affect any option to extend the Term of this Lease, right of  
27 first offer to lease additional premises, option to purchase or right of first offer  
28 to purchase the Property which may be included herein. If any ground lease  
29 or underlying lease terminates for any reason, or any mortgage or deed of  
30 trust is foreclosed or a conveyance in lieu of foreclosure is made for any  
31 reason, this Lease shall nevertheless remain in full force and effect and  
32 Tenant at all times shall be entitled to quiet possession and use of the  
33 Premises (so long as Tenant is not in default) and shall, notwithstanding any  
34 subordination and upon the request of such successor-in-interest to Landlord,  
35 attorn to and become the Tenant of the successor-in-interest to Landlord.  
36

37 b. Existing Deeds of Trust. The beneficiary under any existing deed of trust  
38 affecting the Building shall provide a written agreement to Tenant in the form  
39 of Document III in the Supplemental Lease Documents delivered to Landlord  
40 concurrently herewith within thirty (30) days after the execution of this Lease.  
41

42 c. Request for Notice. Landlord acknowledges that Tenant intends to record a  
43 Request for Notice with respect to any mortgages or deeds of trust affecting  
44 the Property in the form of Document V in the Supplemental Lease  
45 Documents delivered to Landlord concurrently herewith.  
46

- 1 d. Notice of Default. If any mortgagee or beneficiary under a deed of trust  
2 affecting the Property gives written notice of its name and address to Tenant  
3 by registered mail requesting any such notice with reference to this Section,  
4 Tenant shall give such mortgagee a copy of any notice of default served upon  
5 Landlord hereunder which could permit Tenant to terminate this Lease and an  
6 additional thirty (30) days within which to cure such default.

7  
8 26. SURRENDER OF POSSESSION.  
9

10 Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of  
11 time or otherwise, Tenant shall promptly and peacefully surrender the Premises to  
12 Landlord in a "broom-clean" condition. Tenant shall remove, at its own expense,  
13 all fixtures, equipment and, all other personal property placed or installed in or  
14 upon the Premises by Tenant, or under its authority (including any modular  
15 furniture).

16  
17 27. SIGNAGE.  
18

19 Subject to Landlord's prior written consent, not to be unreasonably withheld,  
20 delayed or conditioned, Tenant shall be permitted to install at the Premises  
21 reasonably appropriate signs that conform with any and all applicable laws and  
22 ordinances.

23  
24  
25 28. QUIET ENJOYMENT.  
26

27 So long as Tenant is not in default hereunder, Tenant shall have the right to the  
28 quiet and peaceful enjoyment and possession of the Premises and quiet and  
29 peaceful enjoyment of the Common Areas during the Term of this Lease, subject  
30 to the terms and conditions of this Lease.

31  
32 29. GENERAL.  
33

- 34 a. Headings. Titles to Sections of this Lease are not a part of this Lease and  
35 shall have no effect upon the construction or interpretation of any part hereof.

- 36  
37 b. Successors and Assigns. Subject to restriction on assignment and subletting  
38 set forth in Section 15 above, and Section 31(c) below, all of the covenants,  
39 agreements, terms and conditions contained in this Lease shall inure to and  
40 be binding upon the Landlord and Tenant and their respective successors  
41 and assigns

- 42  
43 c. Brokers. Landlord and Tenant each represent and warrant to each other that  
44 it has not engaged any broker, finder or other person who would be entitled to  
45 any commission or fees in respect of the negotiation, execution or delivery of  
46 this Lease other than CBRE, acting as landlord's agent (whose commission

1 landlord shall pay and memorialize in the Memorandum of Commencement  
2 and shall indemnify and hold harmless each other against any loss, cost,  
3 liability or expense incurred by the other party as a result of any claim  
4 asserted by any such broker, finder or other person on the basis of any  
5 arrangements or agreements made or alleged to have been made in variance  
6 with this representation.  
7

- 8 d. Entire Agreement. This Lease (and the Landlord's Work Letter and  
9 Supplemental Lease Documents) is the final and complete expression of  
10 Landlord and Tenant relating in any manner to the leasing, use and  
11 occupancy of the Premises, to Tenant's use of the Building and other matters  
12 set forth in this Lease. No prior agreements or understanding pertaining to  
13 the same shall be valid or of any force or effect and the covenants and  
14 agreements of this Lease shall not be altered, modified or added to except in  
15 writing signed by both Landlord and Tenant.  
16
- 17 e. Severability. Any provision of this Lease which shall prove to be invalid, void  
18 or illegal shall in no way affect, impair or invalidate any other provision hereof  
19 and the remaining provisions hereof shall nevertheless remain in full force  
20 and effect.  
21
- 22 f. Notices. All notices and communications to any party hereunder shall be in  
23 writing and shall be deemed properly given if delivered personally, sent by  
24 registered or certified mail, postage prepaid, or by a recognized overnight  
25 commercial messenger providing proof of delivery, or by facsimile  
26 (electronically confirmed) to Landlord's Address for Notice and Tenant's  
27 Address for Notice as set forth in Section 1. Any notice so given shall be  
28 deemed to have been given as of the date of delivery (whether accepted or  
29 refused) established by U.S. Post Office return receipt or the overnight  
30 carrier's proof of delivery, or fax delivery verification as the case may be. Any  
31 such notice not so given shall be deemed given upon receipt of the same by  
32 the party to whom the same is to be given.  
33
- 34 g. Governing Law and Forum. This Lease shall be governed by and construed  
35 in accordance with the internal laws of the State of California. Any litigation  
36 with respect to this Lease shall be conducted in the County of Los Angeles,  
37 State of California.  
38
- 39 h. Waivers. No waiver by Landlord or Tenant of any provision hereof shall be  
40 deemed a waiver of any other provision hereof or of any subsequent breach  
41 by Landlord or Tenant of the same or any other provision Landlord's or  
42 Tenant's consent to or approval of any act shall not be deemed to render  
43 unnecessary the obtaining of Landlord's or Tenant's consent to or approval of  
44 any subsequent act by Landlord or Tenant.  
45

- 1 i. Time of Essence. Time is of the essence for the performance of all of the  
2 obligations specified hereunder.  
3
- 4 j. Consent. Whenever any consent is required by Landlord or Tenant  
5 hereunder, such consent shall not be unreasonably withheld, conditioned or  
6 delayed and, unless otherwise specifically provided herein, shall be deemed  
7 granted if not refused within thirty (30) days after written request is made  
8 therefor, together with all necessary information.  
9
- 10 k. Community Business Enterprises. Landlord shall complete and deliver to  
11 Tenant concurrently with the execution hereof a Community Business  
12 Enterprises form set forth as Document IV in the Supplemental Lease  
13 Documents delivered to Landlord concurrently herewith.  
14
- 15 l. Memorandum of Lease. If requested by Tenant, Landlord and Tenant shall  
16 execute and acknowledge a Memorandum of Lease in the form of Document  
17 V in the Supplemental Lease Documents delivered to Landlord concurrently  
18 herewith, which Memorandum may be recorded by Tenant, at Tenant's sole  
19 cost and expense, in the Official Records of Los Angeles County.  
20
- 21 m. Force Majeure. In the event that either party is delayed or hindered from the  
22 performance of any act required hereunder by reason of strikes, lock-outs,  
23 labor troubles, inability to procure materials not related to the price thereof,  
24 failure of power, restrictive governmental laws and regulations, riots,  
25 insurrection, war or other reasons of a like nature beyond the reasonable  
26 control of such party (except for Tenant's obligation to pay Rent hereunder  
27 except to the extent otherwise expressly abated as set forth in this Lease),  
28 then performance of such acts shall be excused for the period of the delay,  
29 and the period for the performance of any such act shall be extended for a  
30 period equivalent to the period of such delay. This subsection 29(l) does not  
31 apply to the performance, acts, omissions or obligations of Landlord and/or  
32 Tenant under the Landlord's Work Letter and the Force Majeure provision in  
33 the Landlord's Work Letter shall preempt this subsection regarding all matters  
34 contained in the Landlord's Work Letter and shall preempt this section (m)  
35 regarding any Base Building Improvements or furniture.  
36
- 37 n. Cumulative Remedies. No remedy or election hereunder shall be deemed  
38 exclusive but shall wherever possible be cumulative with all other remedies at  
39 law or in equity.  
40
- 41 o. Limitation on Landlord's Liability. Notwithstanding anything in this Lease to  
42 the contrary, any remedy of Tenant for the collection of a judgment (or other  
43 judicial process) requiring payment of money by Landlord in the event of any  
44 default by Landlord hereunder or any claim, cause of action, obligation  
45 whether contractual, statutory or otherwise by Tenant for money judgment  
46 against Landlord arising out of or relating to any matter relating to this Lease

1 and all of the covenants and conditions or any obligation, contractual,  
2 statutory or otherwise set forth herein, shall be limited solely and exclusively  
3 to an amount equal to a maximum liability equal to \$1,000,000 Tenant  
4 further understands that any liability, duty or obligation of Landlord to Tenant  
5 that accrues or arises after the date Landlord no longer has any right, title or  
6 interest in or to the Building shall automatically cease and terminate as of  
7 such transfer date.

8  
9 30. AUTHORITY

10  
11 Only the Board of Supervisors has the authority, by formally approving and/or  
12 executing this Lease, to bind the County to the terms included herein. Each  
13 individual executing this Lease on behalf of Tenant represents and warrants that  
14 he or she is duly authorized to execute and deliver this Lease on behalf of Tenant,  
15 and that this Lease is binding upon Tenant in accordance with its terms. Landlord  
16 understands that no material terms of this Lease may be altered or deleted, nor  
17 may any new material terms be added to this Lease, without the express written  
18 approval of the Board of Supervisors, either through an amendment to the Lease  
19 or by other formal board action. No County officer, employee, agent or  
20 independent contractor has any authority to alter, add or delete the material terms  
21 of this Lease and Landlord may not rely upon any representations to the contrary.  
22 This limitation of authority applies to all material terms of the Lease including,  
23 without limitation, any monetary ceiling established for Tenant Improvements or  
24 other project costs of Landlord which are subject to reimbursement by County.  
25 County shall not reimburse Landlord for any expenses which exceed this ceiling.  
26 Notwithstanding the foregoing, the Chief Administrative Officer of the County or its  
27 delegee (the "Chief Administrative Officer") may take any administrative act on  
28 behalf of Tenant hereunder which does not have the effect of increasing Basic  
29 Rent or other financial obligations of Tenant under this Lease, including, without  
30 limitation, granting any approvals, terminating this Lease in the manner provided  
31 herein by an Early Termination Notice or otherwise, signing estoppel certificates,  
32 signing the Commencement Date Memorandum and Confirmation of Lease Terms  
33 or subordinating this Lease. Each individual executing this Lease on behalf of  
34 Landlord represents and warrants that he or she is duly authorized to execute and  
35 deliver this Lease on behalf of Landlord, and that this Lease is binding upon  
36 Landlord in accordance with its terms.

37  
38 31. ACKNOWLEDGEMENT BY LANDLORD.

39  
40 Landlord acknowledges that it is aware of the following provisions:

- 41  
42 a. Consideration of GAIN Program Participants. Should Landlord require  
43 additional or replacement personnel after the effective date of this Lease,  
44 Landlord shall give consideration for any such employment, openings to  
45 participants in the County Department of Public Social Services' Greater  
46 Avenues for Independence ("GAIN") Program who meet Landlord's minimum

1 qualifications for the open position. The County will refer GAIN participants  
2 by job category to Landlord.

- 3
- 4 b. Solicitation of Consideration. It is improper for any County officer, employee  
5 or agent to solicit consideration in any form from a landlord with the  
6 implication, suggestion or statement that the landlord's provision of the  
7 consideration may secure more favorable treatment for the landlord in the  
8 award of the Lease or that the landlord's failure to provide such consideration  
9 may negatively affect the County's consideration of the landlord's offer to  
10 lease. A landlord shall not offer or give, either directly or through an  
11 intermediary, consideration in any form to a County officer, employee or agent  
12 for the purpose of securing favorable treatment with respect to the award of  
13 the Lease.

14

15 Landlord shall immediately report any attempt by a County officer, employee  
16 or agent to solicit such improper consideration. The report shall be made  
17 either to the County manager charged with the supervision of the employee or  
18 to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914  
19 or (800) 544-6861. Failure to report such solicitation may result in the  
20 landlord's submission being eliminated from consideration

- 21
- 22 c. Landlord Assignment.

- 23
- 24 i. Landlord may assign, transfer, mortgage, hypothecate or encumber  
25 Landlord's right, title and interest in and to this Lease or any portion  
26 thereof (including the right to receive rental payments but excluding its  
27 duties and obligations hereunder), and Landlord may execute any and all  
28 instruments providing for the payment of Rent directly to an assignee or  
29 transferee, but only if the conditions set forth in this Section are met.
- 30
- 31 ii. Any document or agreement purporting to assign, transfer, mortgage,  
32 hypothecate or encumber Landlord's right, title and interest in and to this  
33 Lease or any portion thereof, is hereinafter referred to as a "Security  
34 Agreement." Any Security Agreement which is executed without full  
35 compliance with the requirements of this Section shall be void.
- 36
- 37 iii. Each assignee or transferee under the Security Agreement shall certify  
38 and agree in writing that such assignee or transferee has read and is  
39 familiar with the requirements of Sections 5950-5955 of the California  
40 Government Code, which prohibits the offer or sale of any security  
41 constituting a fractional interest in this Lease or any portion thereof,  
42 without the prior written consent of the County
- 43
- 44 iv. Violation by Landlord of the provisions of Section 5951 of the California  
45 Government Code will constitute a material breach of this Lease, upon  
46 which the County may impose damages in an amount equal to the greater

1 of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental  
2 payments payable by the County during the entire Term of this Lease, it  
3 being expressly agreed that the aforesaid amount shall be imposed as  
4 liquidated damages, and not as a forfeiture or penalty. It is further  
5 specifically agreed that the aforesaid amount is presumed to be the  
6 amount of damages sustained by reason of any such violation, because  
7 from the circumstances and nature of the violation it would be  
8 impracticable and extremely difficult to fix actual damages. In addition, the  
9 County may exercise or pursue any other right or remedy it may have  
10 under this Lease or applicable law.  
11

12 v. Landlord shall give the County notice and a copy of each Security  
13 Agreement and any other instrument relating thereto (including, but not  
14 limited to, instruments providing for the payment of Rent directly to an  
15 assignee or transferee) at least two weeks prior to the effective date  
16 thereof  
17

18 vi. Landlord shall not furnish any information concerning County or the  
19 subject matter of this Lease (including, but not limited to, offering  
20 memoranda, financial statements, economic and demographic  
21 information, and legal opinions rendered by the office of counsel for the  
22 County) to any person or entity, except with County's prior written consent.  
23 Landlord shall indemnify, defend and hold County and its officers, agents  
24 and employees harmless from and against all claims and liability alleged  
25 to arise from the inaccuracy or incompleteness of any information  
26 furnished by Landlord in violation of this Section.  
27

28 vii. The provisions of this Section shall be binding upon and applicable to the  
29 parties hereto and their respective successors and assigns. Whenever in  
30 this Section Landlord is referred to, such reference shall be deemed to  
31 include Landlord's successors or assigns, and all covenants and  
32 agreements by or on behalf of Landlord herein shall bind and apply to  
33 Landlord's successors and assigns whether so expressed or not.  
34  
35

### 36 32. IRREVOCABLE OFFER 37

38 In consideration for the time and expense that Tenant will invest, including, but not  
39 limited to, preliminary space planning, legal review, and preparation and noticing  
40 for presentation to the Tenant Real Estate Management Commission of Los  
41 Angeles County in reliance on Landlord's agreement to lease the Premises to  
42 Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this  
43 Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as  
44 defined in Section 1.  
45  
46



1 33. RENT ADJUSTMENT.

2  
3 a. Annual Adjustment. For each successive twelve (12) months of the Term of  
4 this Lease ("Lease Year"), the Basic Rent shall be subject to adjustment. On  
5 the first anniversary date of the first full calendar month following the  
6 Commencement Date, and every twelve (12) months thereafter, the Basic  
7 Rent shall be adjusted in accordance with the CPI formula set forth in Section  
8 32(b). The "Base Index" shall be the index published in the month the Term  
9 commences.

10  
11 b. CPI Formula. The method for computing the annual rental adjustment shall  
12 be by reference to the Consumer Price Index for all Urban Consumers for the  
13 Los Angeles-Riverside-Orange County area, all items published by the United  
14 States Department of Labor, Bureau of Labor Statistics (1982-84=100) herein  
15 referred to as the "Index".

16  
17 The rental adjustment for the Basic Rent shall be calculated by multiplying the  
18 original Basic Rent by a fraction, the numerator being the New Index, which is  
19 the index published in the month immediately preceding the month the  
20 adjustment is to be effective, and the denominator being the Base Index.

21  
22 The formula shall be as follows

23  
24 NewIndex

25  $\text{Base Index} \times (1.23 \times \text{rentable square footage of Premises}) = \text{New Monthly Basic Rent}$

26  
27 If the Index is changed so that the base year of the Index differs from that  
28 used as of the Commencement Date, the Index shall be converted in  
29 accordance with the conversion factor published by the United States  
30 Department of Labor, Bureau of Labor Statistics. If the Index is discontinued  
31 or revised during the Term, such other governmental Index or computation  
32 with which it is replaced shall be used in order to obtain substitute index (if the  
33 original index is discontinued without a replacement), then upon demand by  
34 either party, the matter shall be submitted to arbitration for the purpose of  
35 determining an alternate method of computing the rental adjustment based  
36 upon the increase in the cost of living.

37  
38 c. General Provisions. In no event shall the Basic Rent adjustment based upon  
39 the CPI formula set forth in Section 32(b) result in an annual increase greater  
40 than five percent (5%) nor less than two and one-half percent (2.5%) of the  
41 Basic Rent immediately prior to the adjustment.

1 34. OPERATING EXPENSE RENT ADJUSTMENT.

2  
3 In addition to the Basic Rent, Tenant shall pay Landlord, concurrently with its  
4 payment of Basic Rent, Tenant's proportionate share, which is based on the  
5 rentable square feet of the Building in relation to the total rentable square feet in  
6 the Building (the "Proportionate Share") of additional rent ("Additional Rent") for the  
7 operating expenses ("Operating Expenses") associated with Landlord's ownership,  
8 maintenance, operation and management of the Building. For each Lease Year,  
9 the Operating Expenses shall be subject to adjustment. Prior to the first  
10 anniversary of the Commencement Date and each anniversary thereafter,  
11 Landlord shall provide Tenant with a budget of Operating Expenses due under this  
12 Lease for the ensuing twelve (12) months which total budgeted amount shall not  
13 exceed one hundred and fifteen percent (15%) of the amount of the actual  
14 Operating Expense incurred by Landlord in the prior Lease Year. The Tenant's  
15 Estimata Prorata Share of the Operating Expenses for the first year of the Term  
16 are estimated at \$ 308,700 annually.  
17

18 a. Operating Expenses. Landlord's Operating Expenses shall include, without  
19 limitation, all reasonable and necessary costs of any kind paid or incurred by  
20 Landlord in the operation, servicing, repair, maintenance (in neat, clean, safe,  
21 good order and condition) but not replacement of the basic structure of the  
22 Building, including, without limitation, the costs incurred by Landlord in  
23 connection with its repair obligations set forth in Section 10. These costs  
24 shall include the following:  
25

26 i. Maintenance and repair, and replacement of the Building finishes,  
27 including, but not limited to, painting walls and replacing floor coverings  
28 and Building finishes.  
29

30 ii. Maintenance, repair, and replacement of the HVAC, plumbing, and  
31 electrical systems; life-safety equipment; telecommunication and other  
32 equipment (collectively, the "Building Components") used in common by  
33 or for the benefit of occupants of the Building; elevators, tenant directories,  
34 fire detection systems, including sprinkler system maintenance and repair.  
35 In the event of replacement of any Building Component, the cost of such  
36 replacement that is to be charged to Tenant shall be reduced by any  
37 reserves for replacement attributable to that particular Building  
38 Component that have been previously passed through as part of the  
39 Estimated O/E Cost and further reduced by a percentage based upon the  
40 age of the Building Component being replaced compared to the number of  
41 years the Building Component has been in service prior to the  
42 Commencement Date. For example, if an HVAC unit is replaced in year  
43 six of this Lease and such HVAC unit had been in service for four years  
44 prior to the Commencement Date, then Tenant shall be responsible for its  
45 Proportionate Share of 6/10th of the replacement cost.  
46

- 1           iii. Trash disposal, janitorial and security services.
- 2
- 3           iv. The cost of the premiums for liability and property insurance policies to be
- 4           maintained by Landlord pursuant to Section 19 of this Lease.
- 5
- 6           v. The cost of property taxes and other assessments levied pursuant to
- 7           recorded documents.
- 8
- 9           vi. The cost of utilities, including water/sewer charges, gas, electricity, and
- 10           other publicly-mandated services to the Building. The utility costs shall be
- 11           adjusted to reflect any payments received by Landlord or public utility from
- 12           any tenant within the Building for after-hours usage or any utility usage as
- 13           required by the tenant's lease.
- 14
- 15           vii. Management fees or administrative fees ("Fees") so long as they are
- 16           competitive and customary with buildings in the same or similar
- 17           geographical location of the Building and shall not exceed in the
- 18           aggregate a competitive and customary management fee charged by an
- 19           independent management company to manage the operations of the
- 20           Building in its entirety. However, in no event may the Fees exceed 2.25%
- 21           of the annual Basic Rent.
- 22
- 23           viii. Maintenance, repair, and replacement of the basic structure, subject to
- 24           offset for the greater of a) proceeds which would be payable from
- 25           insurance required to be maintained by Landlord under the terms of this
- 26           Lease, whether received or not, or b) insurance or other proceeds actually
- 27           received.
- 28
- 29           ix. Exterior maintenance of the Premises, including parking areas and
- 30           landscaping.
- 31
- 32           b. Exclusions from Operating Expenses. Landlord's Operating Expenses shall
- 33           not include, without limitation, the following costs:
- 34
- 35           i. Depreciation of the Building or equipment therein.
- 36
- 37           ii. Landlord's executive salaries.
- 38
- 39           iii. Brokers' leasing commissions and advertising expenses incurred in
- 40           connection with the development or leasing of the Building or future
- 41           leasing of the Building.
- 42
- 43           iv. Legal and consulting fees and other costs incurred in connection with
- 44           negotiations or disputes with present or prospective tenants or other
- 45           occupants of the Building
- 46

- v. Expenses in connection with services or other benefits that are not offered to Tenant but are offered to other tenants or for which Tenant is charged for directly but that are not provided to other tenants or occupants of the Building.
- vi. The cost of any capital improvements made to the project or to the common areas by Landlord except those improvements that directly result in cost savings to Tenant.
- vii. Audit and verification fees charged by outside entities.
- viii. Any bad debt loss, rent loss or reserves for bad debts or rent loss.
- ix. The rental and other related expenses incurred in leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature, except equipment not affixed to the Building that is used in providing janitorial or similar services.
- x. Costs, including permits, license and inspection costs, incurred with respect to the installation of tenant improvements made for tenants in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of tenants within the Building.
- xi. Capital expenditures required by Landlord's failure to comply or by Landlord's necessity to comply with laws or building codes enacted on or before the date of Tenant's occupancy of the Premises.
- xii. Interest points and fees on debt or amortization on any mortgage or mortgages encumbering the Building or the project.
- xiii. Any other expenses that in accordance with generally accepted accounting principles, consistently applied, would not normally be treated as an operating expense by landlords of comparable buildings.
- xiv. Fees relating to any ground leases.
- xv. Any and all of Landlord's expenses relating to any parking facility or facilities on or about the project or comprising a part of the Building except to and only to the extent that such expenses exceed the revenues associated with such facilities, or the revenues that would be associated with such facilities if such facilities were operated so as to reasonably maximize such revenues, whichever revenue amount is greater.

- 1           xvi.     The costs associated with the remediation or mitigation of Hazardous  
2                   Materials as defined in this Lease, except to the extent introduced by  
3                   Tenant or its agents, contractors, employees or invitees.  
4  
5           xvii.    The costs in excess of any profits derived by Landlord associated with  
6                   retaining a parking vendor to operate the parking lot that is utilized by  
7                   Tenant's employees.  
8  
9           xviii.   Costs for which Landlord has a right of reimbursement from others.  
10  
11

12   Notwithstanding anything to the contrary set forth in this Lease, Tenant's Proportionate  
13   Share of the increase in Controllable Operating Expenses (as hereinafter defined) for  
14   each Lease Year shall not be greater than 105% of Tenant's Proportionate Share of the  
15   Controllable Operating Expenses for the Lease Year immediately prior to each  
16   such Lease Year. "Controllable Operating Expenses" shall mean the Operating  
17   Expenses other than insurance, taxes, utilities and other governmentally-mandated  
18   charges.  
19  
20

21   Landlord shall, within sixty (60) days of the each anniversary date of the  
22   Commencement Date , furnish to Tenant an itemized, detailed statement prepared,  
23   signed and certified to be correct by Landlord, of the total Operating Costs for the prior  
24   Lease Year, (the "Actual Operating Expense Cost") and Landlord's reconciliation of the  
25   Estimated O/E Cost charged in the prior Lease Year with the Actual Operating Expense  
26   Cost for the prior Lease Year. Tenant's Proportionate Share of the Actual Operating  
27   Expense Cost if any, in excess of the Estimated O/E Cost for the prior Lease Year shall  
28   be payable by Tenant within ninety (90) days after Tenant's receipt of the Actual  
29   Operating Expense Cost statement, but in no event shall such amount to be paid by  
30   Tenant exceed fifteen percent (15%) of the Tenant's Proportionate Share of the prior  
31   Lease Year Estimated O/E Cost. Landlord shall pay Tenant the amount of Tenant's  
32   Proportionate Share of the Estimated O/E Cost in excess of the Actual Operating  
33   Expense Cost for the prior Lease Year upon delivery of the Actual Operating Expense  
34   Cost statement  
35

36   On an annual basis,  
37

38   Landlord shall keep at its offices full, accurate and separate books of account covering  
39   Landlord's operating costs, and the statement if Tenant shall accurately reflect the total  
40   operating costs and Tenant's Proportionate Share. The books of account shall be  
41   retained by Landlord at its offices for a period of at least five (5) years after the expiration  
42   of each calendar year. Tenant shall have the right at all reasonable times during the  
43   Term to audit Landlord's records and inspect the books of account.  
44

45   If Tenant objects to any statement of increased operating costs submitted to Tenant by  
46   Landlord, both parties shall attempt to resolve the conflict by negotiation. If Landlord

1 and tenant are able to negotiate a resolution to the conflict within twenty (20) days after  
2 Tenant shall have given Landlord written objection to the statement, then the dispute  
3 shall be resolved by binding arbitration mutually acceptable to the parties.

4

5

6 [Signature Page Follows]

1 IN WITNESS WHEREOF this Lease has been executed the day and year first  
2 above set forth.

3  
4  
5 LANDLORD:

Triple Net Properties Realty, Inc.,

6  
7  
8 By:

9 Name:

10 Its:

LOUIS ROGERS  
PRESIDENT

11  
12  
13  
14 TENANT

COUNTY OF LOS ANGELES

a body politic and corporate

15  
16  
17  
18 By:

19 Name:

Zev Yaroslavsky  
Chairman, Board of Supervisors

20  
21  
22  
23 ATTEST:

24 Sachi A. Hamai  
25 Executive Officer-Clerk  
26 of the Board of Supervisors.

27  
28  
29 By:

30 Deputy

I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

SACHI A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

31  
32  
33  
34 By:

Deputy

35 APPROVED AS TO FORM

36 County Counsel  
37 RAYMOND G. FORTNER JR.

38  
39 By:

Kathleen Dougherty Police  
Principal Deputy



ADOPTED  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

# 18

JUN 5 2007

Sachi A. Hamai  
SACHI A. HAMAI  
EXECUTIVE OFFICER

EXHIBIT A  
(SEE ATTACHED PAGES)

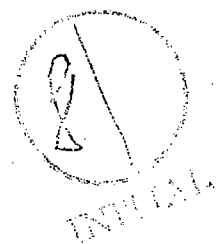
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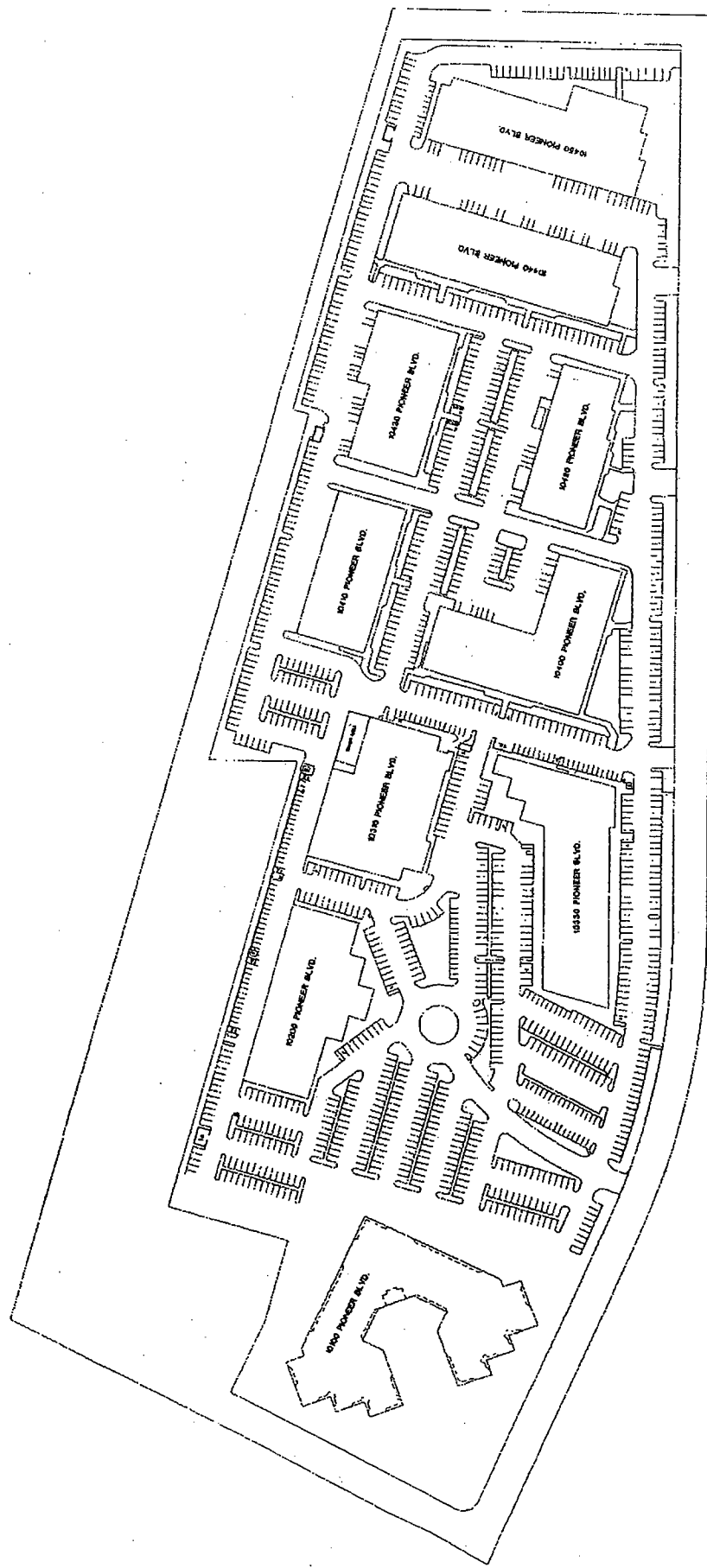




EXHIBIT A  
(SEE ATTACHED PAGES)

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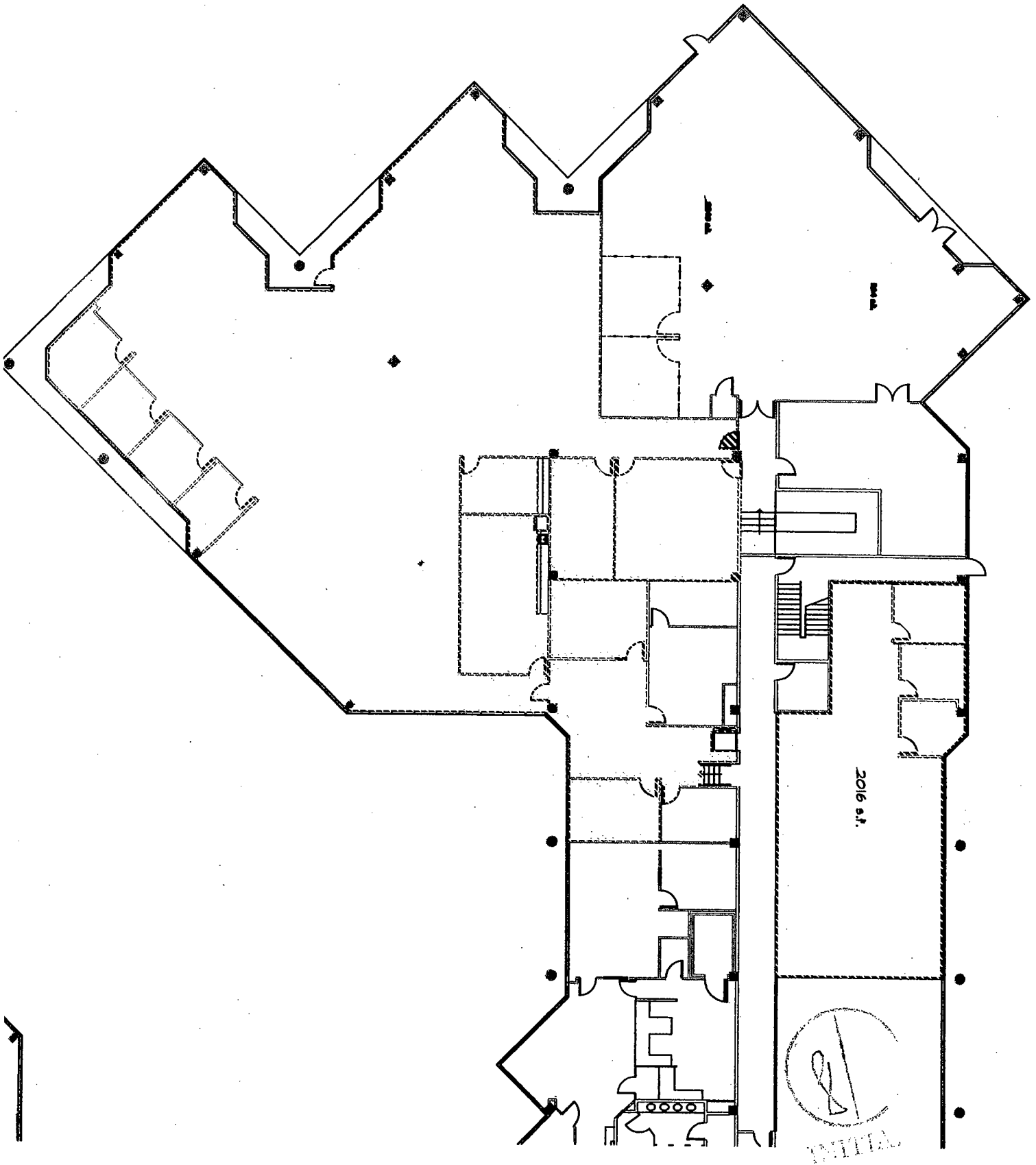




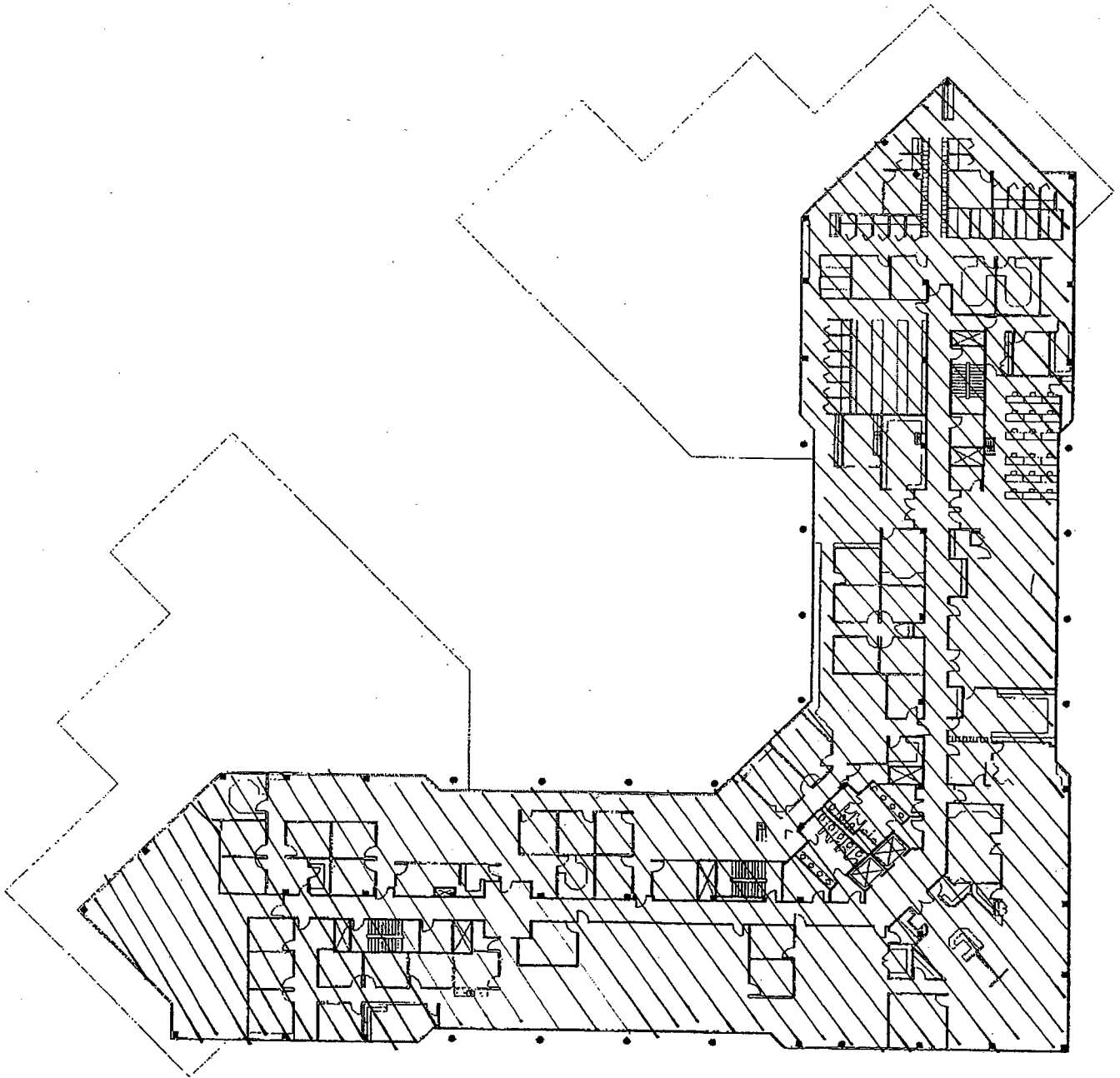
8/1/11  
INITIAL

FLOOR PLAN OF PREMISES  
EXHIBIT B  
(SEE ATTACHED PAGES)

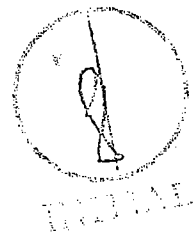




Santa Fe Springs Town Center Business Park  
10100 Pioneer Boulevard, 1<sup>st</sup> Floor  
Santa Fe Springs, CA 90670



Santa Fe Springs Town Center Business Park  
10100 Pioneer Boulevard, 2nd Floor  
Santa Fe Springs, CA 90670



LEGAL DESCRIPTION OF PROPERTY  
(SEE ATTACHED PAGES)

EXHIBIT "ONE"

PARCEL A:

PARCELS 1 AND 3 OF PARCEL MAP NO. 26722, IN THE CITY OF SANTA FE SPRINGS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 315, PAGES 76 THROUGH 80 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL OIL, GAS, ASPHALTUM AND OTHER HYDROCARBON SUBSTANCES IN OR UNDER SAID REAL PROPERTY, TOGETHER WITH ALL RIGHTS, INCIDENT, OR NECESSARY TO THE CONVENIENT EXTRACTION OF ALL OIL, GAS, ASPHALTUM OR OTHER HYDROCARBON SUBSTANCES IN OR UNDER SAID LAND, PAYING THE REASONABLE DAMAGE IF ANY BE DONE TO THE PROPERTY OF GRANTEE, AS WELL AS ALL INCREASE OF TAXES ON ACCOUNT OF THE DISCOVERY OR EXTRACTION OF OIL, GAS, ASPHALTUM OR OTHER HYDROCARBON SUBSTANCES, AS RESERVED BY PETER J. WEISEL AND LOUISE A. WEISEL, HIS WIFE, IN DEED RECORDED FEBRUARY 28, 1923 AS INSTRUMENT NO. 1075 IN BOOK 2054, PAGE 5, OFFICIAL RECORDS.

PARCEL B:

NON-EXCLUSIVE AND PERPETUAL EASEMENTS IN, TO, OVER AND ACROSS THE ROADS, DRIVEWAYS, RAMPS, LOADING DOCKS, CURBS, WALKWAYS AND SIDEWALKS NOW OR HEREAFTER CONSTRUCTED ON THE COMMON AREA LOT (LOT 11) FOR VEHICULAR AND PEDESTRIAN INGRESS AND EGRESS, PASSAGE AND ACCOMMODATION AS DESCRIBED IN THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR TOWN CENTER BUSINESS PARK RECORDED JULY 29, 2003 AS INSTRUMENT NO. 03-2161323 OF OFFICIAL RECORDS.

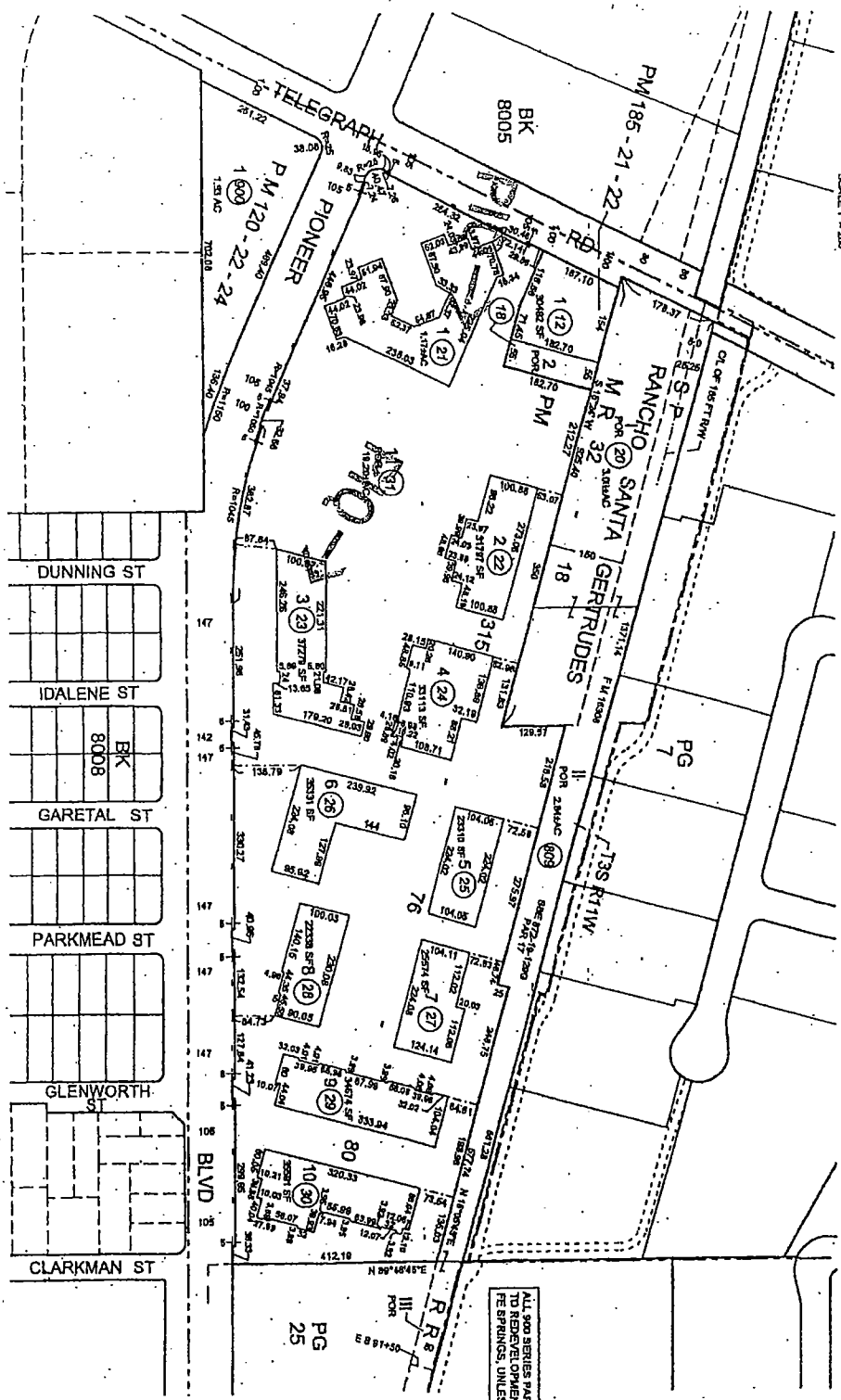


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2004



WARNING AND OR  
SUNSHINE  
SCALE 1" = 200'



ALL 900 SERIES PARCELS ON THIS PAGE ARE ASSESSED  
TO REDEVELOPMENT AGENCY OF THE CITY OF SANTA  
FE SPRINGS, UNLESS OTHERWISE NOTED

MAY 14 2003



EXHIBIT C

COMMENCEMENT DATE MEMORANDUM  
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated \_\_\_\_\_, 2006, between County of Los Angeles, a body politic and corporate ("Tenant"), and NNN SFS TOWN CENTER, LLC, a Delaware limited liability company, NNN SFS TOWN CENTER 1, LLC, NNN SFS TOWN CENTER 2, LLC, NNN SFS TOWN CENTER 3, LLC, NNN SFS TOWN CENTER 4, LLC, NNN SFS TOWN CENTER 5, LLC, NNN SFS TOWN CENTER 6, LLC, NNN SFS TOWN CENTER 7, LLC, NNN SFS TOWN CENTER 8, LLC, NNN SFS TOWN CENTER 9, LLC, NNN SFS TOWN CENTER 11, LLC, NNN SFS TOWN CENTER 13, LLC, NNN SFS TOWN CENTER 14, LLC, NNN SFS TOWN CENTER 15, LLC, NNN SFS TOWN CENTER 16, LLC, NNN SFS TOWN CENTER 17, LLC, NNN SFS TOWN CENTER 18, LLC, NNN SFS TOWN CENTER 19, LLC, NNN SFS TOWN CENTER 20, LLC, NNN SFS TOWN CENTER 21, LLC, NNN SFS TOWN CENTER 22, LLC, each a Delaware limited liability company ("Landlord"), acting by and through Triple Net Properties Realty, Inc. ("Agent" for Landlord), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 10330 Pioneer Blvd., Santa Fe Springs, CA ("Premises").

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on \_\_\_\_\_ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on \_\_\_\_\_ ("Commencement Date");
- (4) The Premises contain \_\_\_\_\_ rentable square feet of space; and
- (5) Basic Rent Per Month is \_\_\_\_\_.
- (6) Tenant's Proportionate Share of Operating Expense Rent is \_\_% of \_\_\_\_\_.
- (7) Landlord's brokerage commission paid in connection with this Lease is \_\_\_\_\_.

IN WITNESS WHEREOF, this Memorandum is executed this \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

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"Tenant"

COUNTY OF LOS ANGELES,  
A body politic and corporate

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

"Landlord"

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_



EXHIBIT D

HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 76 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desk, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of doorjambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

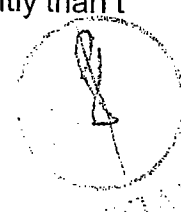
- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

- A. Windows washed as required inside and outside but not less frequently than twice annually.



1  
2 6. ANNUALLY  
3

- 4 A. Furniture Systems and any other fabric or upholstered surfaces including chairs,  
5 couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's  
6 sole discretion, professionally cleaned in their entirety using a water extraction  
7 system.  
8 B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand  
9 scrub process. All grout and porous surfaces resealed with a professional grade  
10 sealant.  
11 C. Touch-up paint all interior painted surfaces in a color and finish to match existing.  
12

13 7. AS NEEDED  
14

- 15 A. Premises and the sidewalks, driveways, parking areas and all means of access  
16 and egress for the Premises should be maintained in good repair, and in clean  
17 and safe condition at all times.  
18 B. All lawns, shrubbery and foliage on the grounds of the Premises should be  
19 maintained in good condition and neat in appearance. Grass and shrubbery must  
20 be replanted as needed to maintain the grounds in good appearance and  
21 condition.  
22 C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation  
23 system as recommended by the carpet manufacturer. The following schedule will  
24 be maintained for carpet cleaning: (i) heavy traffic areas as needed with a  
25 minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic  
26 areas cleaned as needed with a minimum of once every six (6) months [two (2)  
27 times per year]; and (iii) clean light traffic areas a minimum of once per year.  
28 Landlord agrees that bonnet cleaning is not an acceptable method of cleaning  
29 carpets.  
30 D. All walls repainted and wall coverings replaced throughout the Premises. The  
31 paint finish should be eggshell or semi-gloss as directed by Tenant and in a color  
32 acceptable to Tenant. In no event will Landlord be required to repaint or replace  
33 wall coverings more than one (1) time in a five (5) year period (the "Occurrence").  
34 The initial tenant improvements completed prior to Tenant's occupancy or as a  
35 condition to the renewal of the Lease shall not constitute an Occurrence for the  
36 purpose of determining the frequency of this work.  
37

38 8. GENERAL.  
39

40 Landlord shall, upon request of Tenant, produce written service contracts as  
41 evidence of compliance with the terms of this Cleaning and Maintenance Schedule.  
42  
43  
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45  
46

**SUPPLEMENTAL LEASE DOCUMENTS**

**For**

**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AND AGREEMENT**

**DEPARTMENT: HEALTH SERVICES, as Tenant**

**LANDLORD: TRIPLE NET REALTY, INC  
10110 PIONEER BLVD., SANTA FE SPRINGS**

**\*\*\*\*\***

Document I - Subordination, Nondisturbance and Attornment Agreement

Document II - Tenant Estoppel Agreement

Document III - Community Business Enterprises Form

Document IV - Memorandum of Lease

Document V - Request for Notice

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**DOCUMENT I**

**SUBORDINATION, NONDISTURBANCE  
AND ATTORNMENT AGREEMENT**

AND WHEN RECORDED MAIL TO:

County of Los Angeles  
Chief Administrative Office  
Real Estate Division  
222 South Hill Street  
3rd Floor  
Los Angeles, California 90012

Space above for Recorder's Use

**SUBORDINATION, NONDISTURBANCE  
AND ATTORNMENT AGREEMENT**

**NOTICE: THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.**

This Subordination, Nondisturbance and Attornment Agreement ("Agreement") is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 200\_\_ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), Triple Net Properties, LLC, ("Borrower") and [*Insert name of Lender*], ("Lender").

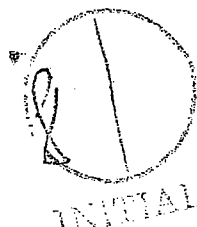
**Factual Background**

A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.

B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").

C. Tenant and Borrower (as "Landlord") entered into a lease dated \_\_\_\_\_ (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").

D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a nondisturbance provision, all as set forth more fully below.

  
INITIAL

## Agreement

Therefore, the parties agree as follows:

1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions thereto shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the Term of the Lease, right of first offer to lease additional premises or option to purchase the Property or right of first offer to purchase the Property in the Lease, such provisions shall not be affected or diminished by any such subordination..

2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Nondisturbance. The enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section..





To Lender: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To Borrower: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To Tenant: County of Los Angeles  
Chief Administrative Office  
Real Estate Division  
222 South Hill Street, 3rd Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

A handwritten signature, possibly "J. S.", is written over a circular stamp or seal located in the bottom right corner of the page.

TENANT: COUNTY OF LOS ANGELES,  
a body politic and corporate

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BORROWER: *[Insert name of Landlord]*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

LENDER: *[Insert name of Lender],*

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**DOCUMENT II**  
**TENANT ESTOPPEL CERTIFICATE**

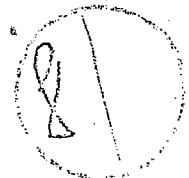
To: [Insert name of party to rely on document]

Attn: \_\_\_\_\_

Re:    Date of Certificate: \_\_\_\_\_  
      Lease Dated: \_\_\_\_\_  
      Current Landlord: \_\_\_\_\_  
      Located at: \_\_\_\_\_  
      Premises: \_\_\_\_\_  
      Commencement Date of Term: \_\_\_\_\_  
      Expiration Date: \_\_\_\_\_  
      Current Rent: \_\_\_\_\_

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.
2.    (a)    A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.  
  
      (b)    The current Rent is set forth above.  
  
      (c)    The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.  
  
      (d)    Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).  
  
      (e)    Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.
3.    (a)    The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended and is in full force



and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

[(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.]

(b) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_



**DOCUMENT III**

**COMMUNITY BUSINESS ENTERPRISES FORM**

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of MBE/WBE participation. The information requested below is for statistical purposes only. On final analysis and consideration of lease will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates Partners, Managers, Staff, etc.)

FIRM: NAME

ADDRESS

CONTACT

TELEPHONE NO.

TOTAL NUMBER OF EMPLOYEES IN FIRM: \_\_\_\_\_

	OWNERS/PARTNERS ASSOCIATE PARTNERS	MANAGERS	STAFF
Black/African American	_____	_____	_____
Hispanic/Latin America	_____	_____	_____
Asian American	_____	_____	_____
Portuguese American	_____	_____	_____
American Indian/ Alaskan Native	_____	_____	_____
All Others	_____	_____	_____
Women (Should be included in counts above <u>and</u> also reported here separately)	_____	_____	_____

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

TYPE OF BUSINESS STRUCTURE: \_\_\_\_\_

\_\_\_\_\_ (Corporation, Partnership, Sole Proprietorship, etc.)

2

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: \_\_\_\_\_

PERCENTAGE OF OWNERSHIP

Black/African American \_\_\_\_\_  
Hispanic/Latin American \_\_\_\_\_  
Asian American \_\_\_\_\_  
Portuguese American \_\_\_\_\_  
American Indian/ \_\_\_\_\_  
Alaskan Native \_\_\_\_\_  
All Others \_\_\_\_\_  
Women \_\_\_\_\_  
(Should be included in counts  
above and also reported  
here separately)

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS  
FIRM BY THE:

State of California?	Yes	No
City of Los Angeles?	Yes	No
Federal Government?	Yes	No

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

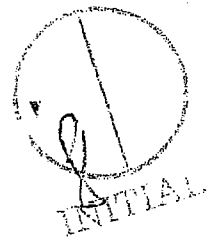
WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS  
FORM.

Firm Name:

Signed:

Date:

Title:



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DOCUMENT IV

MEMORANDUM OF LEASE

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

County of Los Angeles  
Chief Administrative Office  
Real Estate Division  
222 South Hill Street  
3rd Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code Section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code Section 11922.

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MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between Triple Net Realty, INC, (the "Landlord"), and the COUNTY OF LOS ANGELES, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant") who agree as follows:

Landlord and Tenant hereby enter a Lease of certain property (the "Lease") in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, for a term commencing on \_\_\_\_\_, 20\_\_\_\_, and ending on a date \_\_\_\_\_ (10) years after the commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in a certain unrecorded Lease between Landlord and Tenant dated \_\_\_\_\_, 200\_\_.

[Tenant has the option to extend the term of the Lease for a period of two (2) 5-year options, subject to the terms and conditions of the Lease.]



This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: \_\_\_\_\_, 20\_\_.

LANDLORD:

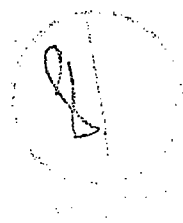
TENANT:

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_





**DOCUMENT V**  
**REQUEST FOR NOTICE**

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

County of Los Angeles  
Chief Administrative Office  
Real Estate Division  
222 South Hill Street  
3rd Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate

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**REQUEST FOR NOTICE**

**(UNDER SECTION 2924B CIVIL CODE)**

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust described below:

Date of Recording of Deed of Trust

Instrument Number of Deed of Trust

Trustor

Trustee



Beneficiary

be mailed to County of Los Angeles, Chief Administrative Office, Real Estate Division,  
222 South Hill Street, 3rd Floor, Los Angeles, California 90012, Attention: Director of  
Real Estate.

"LENDER:

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
SIGNEE'S NAME

Its:     SIGNEE'S TITLE

(ALL SIGNATURES MUST BE ACKNOWLEDGED)

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COUNTY OF \_\_\_\_\_ ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, \_\_\_\_\_  
\_\_\_\_\_ a Notary Public in and for the State of California, personally appeared \_\_\_\_\_  
\_\_\_\_\_ personally known to me (or proved on the  
basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the  
within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the  
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed  
the instrument.

WITNESS my hand and official seal

Signature \_\_\_\_\_

My commission expires \_\_\_\_\_

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**LANDLORD'S WORK LETTER**

**For**

**COUNTY OF LOS ANGELES  
CHIEF ADMINISTRATIVE OFFICE  
LEASE AND AGREEMENT**

**DEPARTMENT:Health Services, as Tenant**

**LANDLORD:**

**10100 PIONEER BLVD., SANTA FE SPRINGS**

## LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated \_\_\_\_\_, 20\_\_, executed concurrently herewith, by and between NNN SFS TOWN CENTER, LLC, a Delaware limited liability company, NNN SFS TOWN CENTER 1, LLC, NNN SFS TOWN CENTER 2, LLC, NNN SFS TOWN CENTER 3, LLC, NNN SFS TOWN CENTER 4, LLC, NNN SFS TOWN CENTER 5, LLC, NNN SFS TOWN CENTER 6, LLC, NNN SFS TOWN CENTER 7, LLC, NNN SFS TOWN CENTER 8, LLC, NNN SFS TOWN CENTER 9, LLC, NNN SFS TOWN CENTER 11, LLC, NNN SFS TOWN CENTER 13, LLC, NNN SFS TOWN CENTER 14, LLC, NNN SFS TOWN CENTER 15, LLC, NNN SFS TOWN CENTER 16, LLC, NNN SFS TOWN CENTER 17, LLC, NNN SFS TOWN CENTER 18, LLC, NNN SFS TOWN CENTER 19, LLC, NNN SFS TOWN CENTER 20, LLC, NNN SFS TOWN CENTER 21, LLC, NNN SFS TOWN CENTER 22, LLC, each a Delaware limited liability company ("Landlord"), acting by and through Triple Net Properties Realty, Inc. ("Agent" for Landlord), and COUNTY OF LOS ANGELES as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

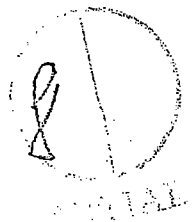
1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

(a) <u>Base Tenant Improvement Allowance</u>	\$907,940 (i.e., \$22.00 per rentable square foot of the Premises)
(b) <u>Additional Tenant Improvement Allowance</u>	\$1,114,290(i.e., \$27.00 per rentable square foot of the Premises)
<u>Maximum Change Order Allowance</u>	\$50,000
(c) Furniture Allowance	Not to exceed \$959,560(i.e., \$23.00 per rentable square foot the Premises) which is reimbursed by County to the Landlord in a lump sum payment within sixty (60) days after the Commencement Date; provided a finalized accounting of all Tenant Improvements have been provided by Landlord and reviewed and accepted by the County, such review and acceptance not to be unreasonably withheld, delayed or conditioned.
(e) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	9% per annum amortized over a 60 month period

(f) <u>Basic Rent Reduction per \$1,000</u>	N/A
(g) <u>Tenant's Work Letter Representative</u>	Thomas Shepos or an assigned staff person of the Chief Administrative Office-Real Estate Division
(h) <u>Landlord's Work Letter Representative</u>	Marge Almond
(i) <u>Landlord's Address for Work Letter Notice</u>	1551 N Tustin Avenue, Suite 200 Santa Ana, CA 92705
(j) <u>Tenant's Address for Work Letter Notice</u>	Board of Supervisors Kenneth Hahn Hall of Administration Room 383 500 West Temple Street Los Angeles, California 90012 With a copy to: Chief Administrative Office- Real Estate Division 222 South Hill Street, 3 <sup>rd</sup> Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 217-4971
(k) Addenda	Addendum A: Base Building Improvements Addendum B: Tenant Improvements Addendum C: Form of Budget Addendum D: Costs of Tenant Improvements

## 2. Construction of the Building.

2.1 Base Building Improvements. Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.



## 2.2 Additional Costs Not Tenant Improvement Costs

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, or (v) supervision or overhead costs of Landlord.

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

2.3 Base Building Plans. Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. Selection of Architect and Engineer. Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects ("Architect") and engineers ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. Selection of Contractor The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three (3) bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.



5. **Preparation of Plans and Specifications and Construction Schedule.**

5.1 **Preparation of Space Plan.** Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (the "Space Plan").

5.2 **Preparation and Approval of Working Drawings.** Within ten (10) days of the date the Space Plan is submitted to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review.

5.3 **Preparation and Approval of Engineering Drawings.** Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.4 **Integration of Working Drawings and Engineering Drawings into Final Plans.** After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 **Approval of Plans by Tenant.** Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 **Schedule.** Within thirty (30) days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates.





As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. **Final Construction Budget and Payment of Tenant Construction Costs**

6.1 **Construction Budget.** Within three (3) days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget") in a format similar to Addendum C attached hereto. Such budget shall be revised into final form within ten (10) days from of the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five (5) days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the five (5) day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is ten percent (10%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. No fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements shall be included in the Final Construction Budget unless approved by Tenant.

6.2 **Additional Tenant Improvement Allowance.** All improvements required by the Working Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto, shall be Tenant Improvements and shall be at Landlord's sole cost and expense ("Tenant Improvements"). Costs of Tenant Improvements shall included costs for furniture, telecommunications equipment, soft costs and any other costs designated in writing by Tenant in the aggregate not to exceed the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and costs of Change Orders, as defined below ("Tenant Improvement Costs"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. It is anticipated that the Tenant Improvement Costs will exceed the Tenant Improvement Allowance so that Tenant may authorize Landlord to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The amount of the Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3 **Method of Payment.** That portion of the Additional Tenant Improvement Allowance up to the first eighteen (\$18.00) dollars per square foot used to pay for the Tenant Improvement Costs may, at Tenant's election be paid to Landlord (i) in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) in amortized monthly payments over the first sixty (60) month term of the Lease at the Tenant Improvement Amortization Rate. Tenant may at any time during the term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs, amortizing any remaining amount in monthly payments over the initial sixty (60) month term of the Lease at the Tenant Improvement Amortization Rate. That portion of the Additional Tenant Improvement Allowance over the first eighteen (\$18.00) dollars per square foot used to pay for the Tenant Improvement Costs must be paid to Landlord (i) in a lump sum within sixty (60) days of when the Tenant Improvements are Substantially Complete.

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7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Tenant in writing, the general contractor for the Tenant Improvements shall be selected only after three (3) bids have been solicited from responsible and qualified persons. Landlord shall submit three (3) sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Three (3) bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

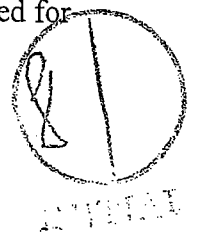
7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as



approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

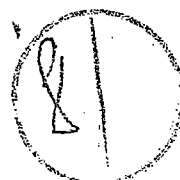
7.4 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Administrative Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Tenant may elect to pay for Change Orders (a) in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortize the costs over the term of the Lease at the Change Order Amortization Rate. Landlord shall submit to the Chief Administrative Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Administrative Officer.

9. Furniture System

9.1 Tenant shall deliver to Landlord within ten (10) days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's architect, shall prepare a modular furniture specifications bid package for submission to no less than three (3) furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. Landlord shall provide at its cost the modular furniture set forth in the Modular Specifications and shall not be responsible for the cost of such modular furniture in excess of the Furniture Allowance. Tenant shall reimburse the Landlord in a lump sum or in accordance with a financed transaction entered into between Landlord and the furniture vendor acceptable to the Tenant, including, but not limited to, a lease purchase agreement, provided the outstanding balance can be no more than One Dollar (\$1) at the end of a term not to exceed one hundred twenty (120) months.

9.2 Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party vendor ("Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a Creditor, Landlord expressly agrees as follows:



(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within five (5) days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, whichever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of twenty-four (24) months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and, if Landlord agrees with the findings of such audit summary, then Landlord shall pay Tenant the amount of any over-payment made by Tenant within thirty (30) days and future payments shall be adjusted as appropriate based upon the audit results. If Landlord reasonably objects to the findings of the audit summary, then the dispute shall be resolved through binding arbitration mutually acceptable to the parties.

11. **Exclusions.** The Tenant Improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least thirty (30) days prior to the Projected Commencement Date. During this thirty (30) day period, the Landlord shall be responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date.

13. **Delay.**

13.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 13.2, the



Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

### 13.2. Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within forty eight (48) hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten (10) days of Tenant Delays and four (4) days of Force Majeure Delays which occur during the same ten (10) day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten (10) days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by fourteen (14) days.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. Tenant Remedies. If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if Tenant Improvements have not been completed within sixty (60) days from the Projected Commencement Date, Tenant may, at its option:

14.1. Cancel the Lease upon thirty (30) days written notice to Landlord; or

14.2. Upon thirty (30) days written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide tenant improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b). Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of nine percent (9%) per annum ("Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the rent payable hereunder.

Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. **Representatives.**

(a) **Tenant Representative.** Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

(b) **Landlord Representative.** Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

16. **Elevator Usage During Move-In.** In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements, Landlord shall cause to be made operational (a) a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment.

17. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five (5) days of the date the Contractor is selected.

18. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

**LANDLORD:**

NNN SFS TOWN CENTER, LLC, a Delaware limited liability company, NNN SFS TOWN CENTER 1, LLC, NNN SFS TOWN CENTER 2, LLC, NNN SFS TOWN CENTER 3, LLC, NNN SFS TOWN CENTER 4, LLC, NNN SFS TOWN CENTER 5, LLC, NNN SFS TOWN CENTER 6, LLC, NNN SFS TOWN CENTER 7, LLC, NNN SFS TOWN CENTER 8, LLC, NNN SFS TOWN CENTER 9, LLC, NNN SFS TOWN CENTER 11, LLC, NNN SFS TOWN CENTER 13, LLC, NNN SFS TOWN CENTER 14, LLC, NNN SFS TOWN CENTER 15, LLC, NNN SFS TOWN CENTER 16, LLC, NNN SFS TOWN CENTER 17, LLC, NNN SFS TOWN CENTER 18, LLC, NNN SFS TOWN CENTER 19, LLC, NNN SFS TOWN CENTER 20, LLC, NNN SFS TOWN CENTER 21, LLC, NNN SFS TOWN CENTER 22, LLC, each a Delaware limited-liability company ("Landlord")

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FINAL

By: Triple Net Properties Realty, Inc.,  
as Landlord's authorized agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LOUIS ROGERS**  
**RESIDENT**

Date Signed: 3/13/07

TENANT:

COUNTY OF LOS ANGELES,  
a body politic and corporate

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

## ADDENDUM A To Landlord's Work Letter

### BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building to include the following:

- (a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;
- (c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;
- (e) public stairways;
- (f) passenger and freight elevators;
- (g) parking facilities;
- (h) ground floor lobby;
- (i) finished elevator lobbies (with carpet, lights, finished walls and ceiling);
- (j) exterior plazas and landscaping;
- (k) loading dock and/or area;
- (l) drinking fountains at the core;
- (m) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;
- (n) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors 1 and 2, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);
- (o) two (2) 208/120 and one (1) 480/277 bolt panels connected to the Building power system;
- (p) mechanical equipment room with ducted mechanical exhaust system;



(q) concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;

(r) standard window coverings;

(s) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;

(t) hot and cold air loops located within the Premises;

(u) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;

(v) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;

(w) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and

(x) gypsum board on the service core walls, columns and sills in the Premises.

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## **ADDENDUM B To Landlord's Work Letter**

### **TENANT IMPROVEMENTS**

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access.

**ADDENDUM C To Landlord's Work Letter**

**FORM OF BUDGET**

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**ADDENDUM D To Landlord's Work Letter**  
**COSTS OF TENANT IMPROVEMENTS**

## **ADDENDUM A To Landlord's Work Letter**

### **BASE BUILDING IMPROVEMENTS**

Landlord has constructed (or will construct) the Building to include the following:

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(c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;

(d) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;

(e) public stairways;

(f) passenger and freight elevators;

(g) parking facilities;

(h) ground floor lobby;

(i) finished elevator lobbies (with carpet, lights, finished walls and ceiling);

(j) exterior plazas and landscaping;

(k) loading dock and/or area;

(l) drinking fountains at the core;

(m) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;

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(p) mechanical equipment room with ducted mechanical exhaust system;

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(x) gypsum board on the service core walls, columns and sills in the Premises.

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- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access.

**ADDENDUM C To Landlord's Work Letter**  
**FORM OF BUDGET**



**ADDENDUM D To Landlord's Work Letter**  
**COSTS OF TENANT IMPROVEMENTS**